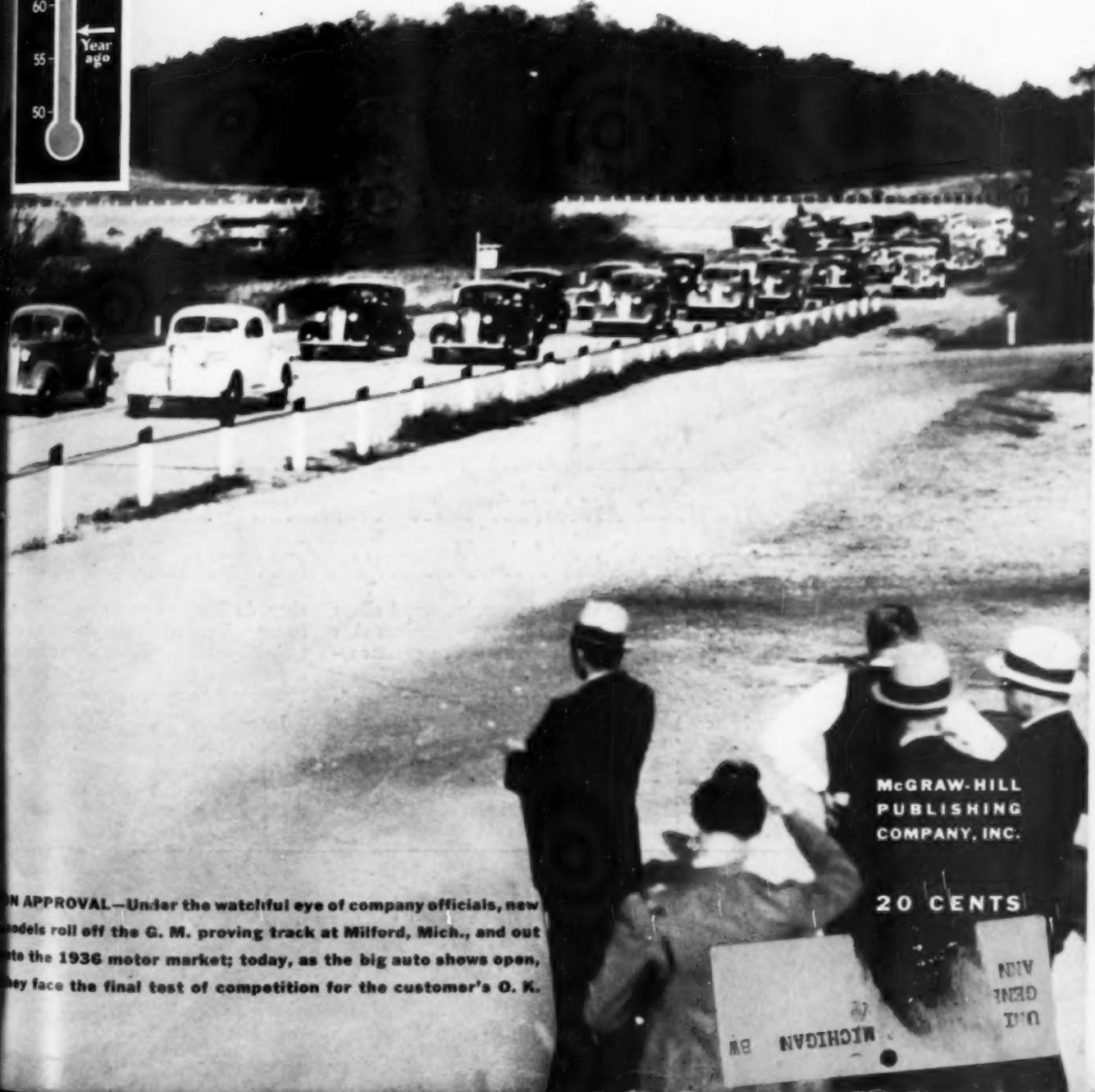


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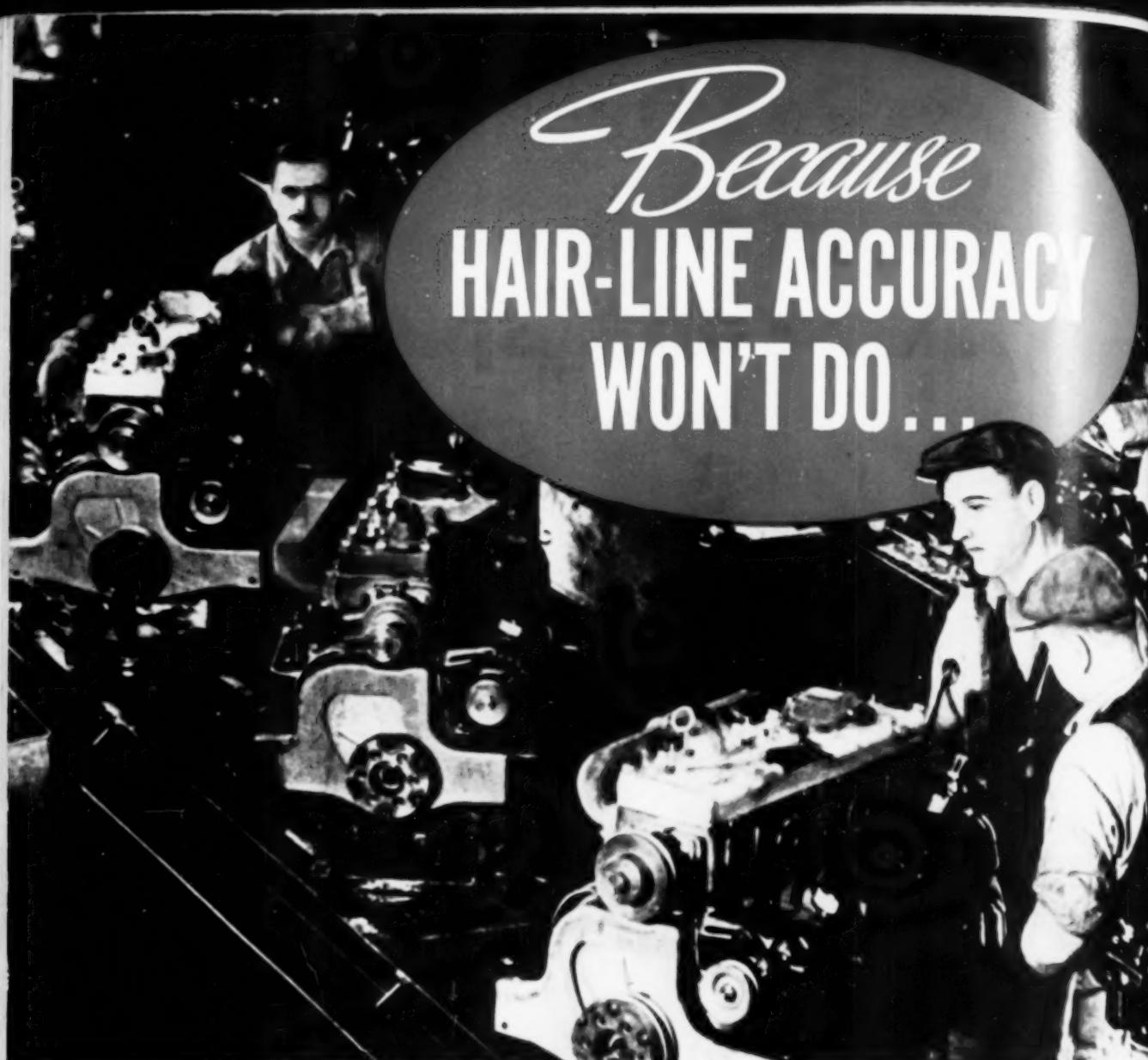
NOV 4 1935

# BUSINESS WEEK



**IN APPROVAL**—Under the watchful eye of company officials, new models roll off the G. M. proving track at Milford, Mich., and out into the 1936 motor market; today, as the big auto shows open, they face the final test of competition for the customer's O. K.

20 CENTS



# Because HAIR-LINE ACCURACY WON'T DO...

*The Automobile Industry maintains precision  
in its new machine tools with Socony-Vacuum Lubricants*

**T**HREE'S ONE THING you can tell about next year's cars *before* you see them. They are built with a greater mechanical perfection than ever before.

Twenty-five years ago "hair-line" accuracy was something to talk about! But today, that would be very coarse work in leading automobile plants. Many automobile parts must be finished to within limits of 1-10,000th of an inch. *And that's just 25 times finer than a human hair!*

Working with new, tougher metal alloys—tools that cut deeper—machines that work at higher speeds—set a greater responsibility for oil.

Socony-Vacuum's transparent, sulphurized oils have met this responsibility successfully. They have swiftly won the preference of metal workers everywhere.

The same thing is true of Gargoyle Lubricants, many of which are used by every industry. Thousands of plants have found

they do business more profitably with Socony-Vacuum. A complete line of petroleum products and 69 years of practical experience among builders and users of machinery result in lubrication profit.

In cooperation with your men, the Socony-Vacuum engineer creates the lubrication profit by keeping production smooth, reducing power consumption, decreasing maintenance expenses, lowering the cost of lubrication itself.

**SOCONY-VACUUM OIL Co.  
INCORPORATED**

STANDARD OIL OF NEW YORK DIVISION • WHITE STAR DIVISION • LUBRITE DIVISION • WHITE EAGLE DIVISION  
WADHAMS OIL COMPANY • MAGNOLIA PETROLEUM COMPANY • GENERAL PETROLEUM CORPORATION OF CALIFORNIA



# Washington Bulletin

"EMERGENCY is over," President says, but new taxes are still sure after elections. Emergency spending will be slightly less next year, but not enough less to elate John Taxpayer. Business is improving, but makes no dent on unemployment. Relief appropriations of next Congress will be sharply down, but mostly because some money already appropriated will not have been spent.

Hearings completed, President ponders on budget. He wants to slash hard so that budget message in January will reassure business. Despite new taxes of last Congress, 1936-37 budget will be painfully unbalanced, even if processing taxes are upheld by Supreme Court.

Amount of reduction will depend largely on whether President sacrifices his conviction against direct relief. Continuance of work relief would mean small saving. Substitution of dole could permit big slash.

## Reform Marches On

But "end of emergency" doesn't mean end of Roosevelt reform program. As one cynical New Dealer puts it: "Breathing-spell will develop into asthma" — when business finds out what it's all about. Observation is abundantly supported by President's emphasis that recovery was not haphazard, but planned. Reform program will march on.

## SEC Parade

SEC plans to conduct a parade of brokers and dealers from Wall and La Salle Streets to its "carpet." Commission suspects pool operations in some recent activities and means business. Wall Street should not overplay Joe Kennedy's endorsement of Chairman Landis.

## Market, Go Slow

Incidentally, Administration would not be distressed at stock market decline—if it came after Jan. 1. Washington wants all possible encouragement to business until industry leaders have drafted budgets. But it would prefer market to creep, not rush, upward next summer and fall, and doesn't want it dashing up now with possible reactions during closing campaign days.

## Labor Advisors Suspect

Pending voluntary codes containing labor provisions will be attacked by NRA's Labor Advisory Board, first hearing under amended NRA indicates. Charge will be that voluntary codes, under present legislative setup fail to protect labor and merely offer smokescreen to block real progress.

than ever, even if Kentucky, as may be, elects a Republican governor.

## Alphabetical Clash

Electric Home and Farm Authority has tangled with Federal Housing on latter's proposal that its modernization credit plan would admirably cover financing of equipment to farmers served by rural electric lines. Rival agencies took squabble to President. Washington odds are on FHA to win. President is reported impressed by FHA's point that its plan employs private instead of government money.

## "Useful Construction"

Air enthusiasts hail airport construction and improvement program under Commerce Department supervision as brand snatched from WPA leafburning. Work on some 500 new and 250 existing ports will provide employment near urban areas, yield tangible returns. Only catch is that WPA directors may sidetrack projects.

## After Headlines

Miscreants breaking into House Lobby Committee files did not make page 1, even of Washington papers, but Chairman O'Connor is not discouraged. He will call Howard C. Hopson, last season's champion committee eluder, back to the stand.

## Consumer in Spotlight

Amendment of AAA to provide for consumer protection will be sought at next Congress no matter what Supreme Court does to the act. Just how consumer is to be protected if farmer is given parity by higher farm prices seems obscure, but housewives' resentment is making itself felt, and seems to call for some kind of gesture.

## Patent Change Needed

New legislation to protect owners of patented processes from foreign competition will follow refusal of Supreme Court to review a decision of U. S. Court of Customs and Patent Appeals. Domestic producers of apatite were told it is not unfair to import into this country a product made under a process patented in United States, if imported article itself does not constitute patent infringement. That leaves law protecting patented articles, not processes.

## We'll Take the Cash

*Leviathan* white elephant lesson learned, U. S. Lines will build new 30,000-ton liner, faster but similar to *Manhattan* and *Washington*, leaving "blue ribbon of Atlantic," "biggest ship in world," and red ink to *Normandie* and *Queen Mary*.

## "REFORM" CASES IMPORTANT

*Administration is far more concerned over the Supreme Court rulings on TVA, Guffey coal law, slum clearance, and its other "reform" measures than over processing taxes. AAA has come to stay, despite possible court upset on sinews of war. Money can be raised in other ways. But reforms knocked out, would be hard to set up again.*

Yet labor provisions in wholesale tobacco industry's recent agreement, closely paralleling old NRA code, were approved by unions.

## Berry Asks Labor

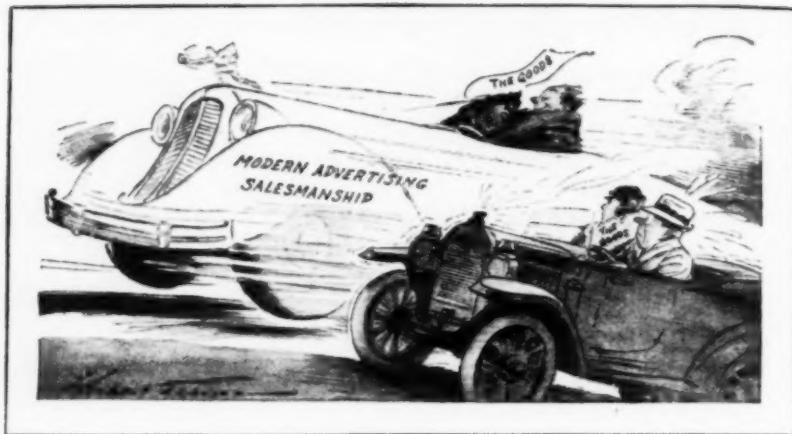
Labor union leaders are asked by Coordinator George L. Berry—carrying what is left of Hugh Johnson's Blue Eagle—to give him the lowdown on employers chiseling on hours and wages. He wants names of concerns, number of workers affected, amount of wage cut from code standards, etc. His letter said, "Imperative I have your report at earliest possible date. Material must be tabulated and conclusions drawn for presentation to President and Congress."

## No Pulmoters Offered

If replies so far received on Berry questionnaire to business men prove anything, Berry's conferences with business representatives about Thanksgiving time will not bring any stampede of rescue squads with pulmoters to resuscitate Blue Eagle in any form. Answers are showing little enthusiasm.

## Straw from Philadelphia

Word from Philadelphia is Democrats may win mayoralty, due to local situation. At any rate, next mayor will be a Democrat, as Republican nominee, S. Davis Wilson, is so registered. Effect of election is expected to make New Dealers more cocky



# Good automobiles take *people* places Good advertising takes *products* places

*Despite astonishing refinements each year,  
the basic concepts of both remain the same*

A PIONEER in the automobile field first defined motor cars as "Transportation." And this definition revolutionized the world's motor industry. For up to that time, the adolescent industry had described its wares as "Pleasure Cars." Its scope was limited.

In those days, some 30 years ago, advertisers held the same shortsighted views of advertising. It was considered as no more than "General Publicity" and "Keeping the name before the public." It, too, was limited. Like the motor car, it was identified by the display noise it made, rather than by the distance it would carry an advertiser.

#### *Advertising First Defined*

Just as one man revolutionized the concept of the motor car by being the first to define it as "Transportation," so Lord & Thomas were the first to lift advertising out of its early narrow groove by defining it

as salesmanship-in-print. "Give the consumer, in an interesting way, the Reason-Why he should buy your wares." In 30 years, no better definition has challenged it. In 30 years, no comparable list of clients have profited so proportionately as by our hard application of this principle. We speak from experience gained in placing over \$500,000,000 in advertising in the past 63 years—\$180,000,000 of it in the last five years of the depression.

#### *New Models on Old Principles*

While manufacturers never departed from the basic principle of transportation which brought good cars within the reach of most, each year brings refinements. The streamlined marvels which pick their sleek way through today's traffic would choke at the sight of a high-hipped old pioneer model chugging along. Yet the same combustion concept runs them both, unchanged.

#### *Advertising Shows New Accessories*

In the same way, Lord & Thomas are forever refining our original concept of advertising as salesmanship-in-print. In new art, more intense research, copy testing and radio showmanship, Lord & Thomas exhibits continue to draw the crowds. Yet the basic concept remains. Nor will it change, despite new models, colorful sales appeals, and the subtle consumer campaign attractions.

#### *Is your Advertising Appeal Outmoded?*

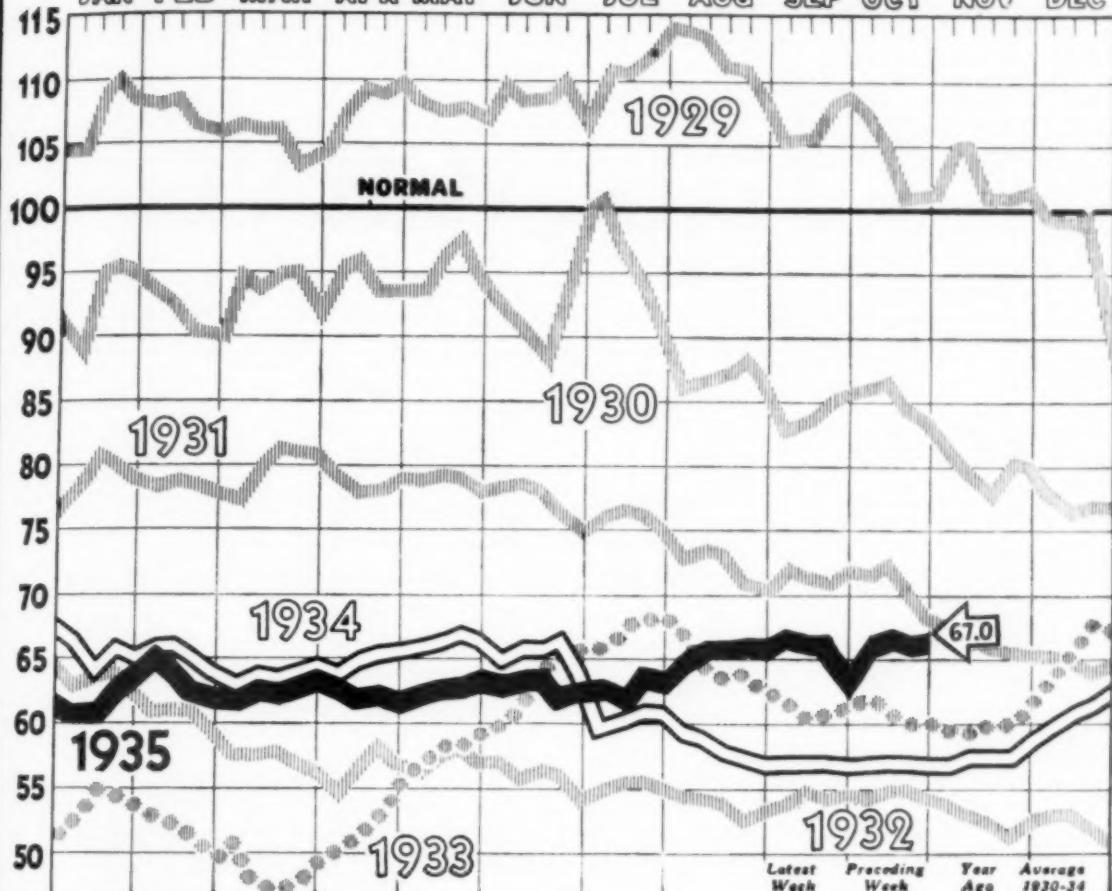
Check your advertising for its value as salesmanship-in-print. Is it taking your product places? Perhaps its running costs are high—it may be knocking from the wrong kind of Reason-Why fuel. Perhaps it needs one or two 1936 sales accelerators. Some of our greatest sales trips are being made with products in which others failed to find the winning Transportation Idea.

# LORD & THOMAS • advertising

*There are Lord & Thomas offices in New York; Chicago; Los Angeles; San Francisco; Toronto; Paris; London  
Each office is a complete advertising agency, self-contained; collaborating with other Lord & Thomas offices to the client's interest*

## WEEKLY INDEX OF BUSINESS ACTIVITY

JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC



### BUSINESS WEEK INDEX

#### PRODUCTION

★ Steel Ingot Operation (% of capacity) .....	51.9	51.8	25.0	29.6
★ Building Contracts (F. W. Dodge, daily av'ge, thousands, 4-week basis) .....	\$7,390	\$7,141	\$4,969	\$7,682
★ Bituminous Coal (daily average, 1,000 tons) .....	*1,349	1,365	1,192	1,318
★ Electric Power (millions K.W.H.) .....	1,896	1,863	1,677	1,645

#### TRADE

Total Carloadings (daily average 1,000 cars) .....	122	122	107	121
★ Miscellaneous and L.C.L. Carloadings (daily average 1,000 cars) .....	77	76	68	78
★ Check Payments (outside N. Y. City, millions) .....	\$3,914	\$3,770	\$3,187	\$3,685
★ Money in Circulation (daily average, millions) .....	\$5,699	\$5,711	\$5,455	\$5,282

#### PRICES (Average for the Week)

Wheat (No. 2, hard winter, Kansas City, bu.) .....	\$1.14	\$1.16	\$1.01	\$1.71
Cotton (middling, New York, lb.) .....	11.32¢	11.23¢	12.48¢	9.30¢
Iron and Steel (STEEL, composite, ton) .....	\$32.85	\$32.83	\$32.12	\$30.75
Copper (electrolytic, Connecticut Valley basis, lb.) .....	9.250¢	9.250¢	9.000¢	7.777¢
All Commodities (Fisher's Index, 1926 = 100) .....	85.3	85.5	78.8	72.4

#### FINANCE

Federal Reserve Credit Outstanding (daily average, millions) .....	\$2,478	\$2,492	\$2,456	\$2,094
Loans and Investments, Federal Reserve rep'tg member banks (millions) .....	\$18,981	\$18,967	\$17,850	\$17,128
★ Commercial Loans, Federal Reserve reporting member banks (millions) .....	\$4,535	\$4,591	\$4,760	\$4,990
Security Loans, Federal Reserve reporting member banks (millions) .....	\$2,918	\$2,910	\$3,074	\$3,493
Brokers' Loans, Federal Reserve reporting member banks (millions) .....	\$948	\$933	\$859	\$8726
Stock Prices (average 100 stocks, Herald Tribune) .....	\$109.21	\$108.06	\$95.82	\$104.59
Bond Prices (Dow, Jones, average 40 bonds) .....	\$96.22	\$95.80	\$93.51	\$87.19
Interest Rates—Call loans (daily av'ge, renewal) N. Y. Stock Exchange .....	1%	1%	1%	1.5%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City .....	1%	1%	1-1%	2.2%
Business Failures (Dun and Bradstreet, number) .....	242	224	225	421

★ Factor in Business Week Index \* Preliminary † Revised ‡ 1932-34 average § New series.

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*BUSINESS WEEK*

# Locate in NEW ENGLAND

# Gateway

## TO AMERICA'S RICHEST MARKETS

★                    ★                    ★                    ★                    ★

*NEW ENGLAND'S geographic location and diverse transportation facilities offer definite advantage to manufacturers*

Products which leave her factories in the afternoon by rail, boat, or motor truck arrive in the great New York market the following morning. Western and Canadian markets are linked with New England by fast trunk line service; direct shipments may be made to the West Coast via the Panama Canal if desired; and Europe is a day and a half nearer from New England ports for those who export.

For ten years the New England Council has been the source of authentic information on New England. Manufacturers who are thinking of plant location or expansion are invited to avail themselves of this information. This service is free. Write today, New England Council, Statler Building, Boston.



### The NEW ENGLAND COUNCIL

#### *Development and Research*

STATLER BUILDING, BOSTON, MASSACHUSETTS

*This advertisement sponsored by*

★ BOSTON WHARF COMPANY SERVING INDUSTRY IN NEW ENGLAND FOR 100 YEARS

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1836 — 100th ANNIVERSARY — 1936

### Boston Wharf COMPANY

The largest fully-developed industrial location of its kind in New England. Centrally situated, only ten minutes walk from the heart of Boston, yet out of high rental area. Ninety modern buildings, paved streets, miles of spur track. Property adjoins yards of two railroads. Every facility for manufacturing and warehousing.

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NOVEMB

# The Business Outlook

RARELY in the past 5 years have so many favorable factors come to light in a single week. Electric power production reached a new all-time high, breaking the record established only 3 weeks ago. Steel activity is edging close to 52% of capacity, promising a profitable last quarter to metal-working industries. Motor assemblies are being stepped up rapidly to meet public demand after the automobile shows. Railroad buying is coming forward, and carloadings have finally pushed ahead of last year's record. A better margin of gain is likely before the year is over. Check transactions, a sensitive indicator of public and commercial spending, are far above the depressed levels of October, 1934. Construction is also rounding out a good month.

## Firm Foundation

The firm foundation for this quarter's business was laid back in the second quarter. Industrial production, after reaching the 1935 low in May, when the Federal Reserve Board's index read 85% of the 1923-1925 average, climbed steadily upward to 88% in September, even though automobile assemblies struck the year's low in that month. With steel, motor, and tire plants now set to expand operations, the Federal Reserve index should easily reach 90% before the new year begins, making the best showing for the quarter in 6 years.

## Jobs and Payrolls Gain

Accompanying this production record is the equally significant improvement in employment and payrolls. September marked a new peak in both for the present revival, bringing manufacturing employment back to the November, 1930, level, and payrolls to the best levels since May, 1931. Factory employment and payrolls have been on the rise since July, employment expanding 5%, payrolls more than 10%. The work week, which in June averaged only 35.9 hours, has now been increased by nearly 2 hours to 37.8, thus fattening the pay envelope. Out of 25 industries surveyed by the National Industrial Conference Board, 17 increased the work week in September, compared with August.

## Factories Big Rehirers

Gains in manufacturing industries have contributed most to reducing the volume of unemployment. Omitting consideration of the net increase in new workers, the September unemployment of 7.6 millions was the lowest since August, 1931. But the net increase in the working population, added to the 7.6 millions, brings the total unemployed to just less than

## PENNSY BUILDS BIG

*Railroad equipment markets perked up this week when the Pennsylvania Railroad announced one of the most important and extensive car-building programs in its history, involving \$30 millions. Some 10,000 freight cars are to be built, and 1,000 old cars rebuilt. Has the railroad buying-jam been broken?*

9.5 millions, the lowest in 15 months, according to records compiled by the Conference Board. Since the March, 1933, peak, unemployment in manufacturing and mechanical industries has been cut in half; that in trade by 38%; in domestic and personal service by 36%; in mining by 21%; and in transportation by only 17%.

## Rise in Steel Earnings

Around steel towns, business is looking steadily brighter. With production rising almost without interruption from 33% of capacity in early July to 51.9% at the close of October despite little support from that most important customer, the motor industry, there is reason for cheerfulness. Even trade papers admit, after looking over earnings statements, that the metalworking industry fared better this year compared with last than business as a whole. U. S. Steel has cut its deficit for the first 9 months of 1935 to \$4.2 millions, compared with \$11.5 millions in 1934; Inland Steel profits rose 110%; Midland's 99%.

## Cars, Cans, Rails

On virtually every side steel centers find encouragement. Detroit is out to make not only surprisingly more cars than in 1935, but heavier ones, using more steel per car. Can companies are pushing canned beer for all it is worth. One company alone now produces 50 million cans a month. Antiquated equipment of railroads is slated for replacement as traffic and earnings grow. Machine tool sales for 1935 are now estimated at \$97.8 millions, a 96% increase over

1934. Next year motor companies are expected to be big buyers of new machine-tools and equipment in preparation for radical changes in 1937.

## Pig Iron Going Up

Pig iron prices are rising in major centers after an expected increase in coal prices, and they lend firmness to the general steel structure. Resistance to price reductions can also be expected if present demands of company unions for wage increases (*BW*—Oct 26 '35) become insistent.

## Farm Income Jumps

From farm areas comes the news that September farm cash income increased by more than the usual amount over August. With \$56 millions of benefit payments added to \$636 millions of income from sale of farm products, cash income reached the high of the year. Estimates for 1935 have been stepped up to \$6.8 millions; 1934 was \$6.4 millions.

## Auto Workers Recalled

While the new cars are being displayed for public approval in November, factories scattered over the country are calling back employees, increasing production schedules. Output in November is now estimated at 300,000 cars. Last-quarter estimates of 700,000 cars are being increased. General Motors plans to add an assembly plant for Buicks, Pontiacs, and Oldsmobiles at Los Angeles in December, costing \$2½ millions.

## 3 Automobile Obstacles

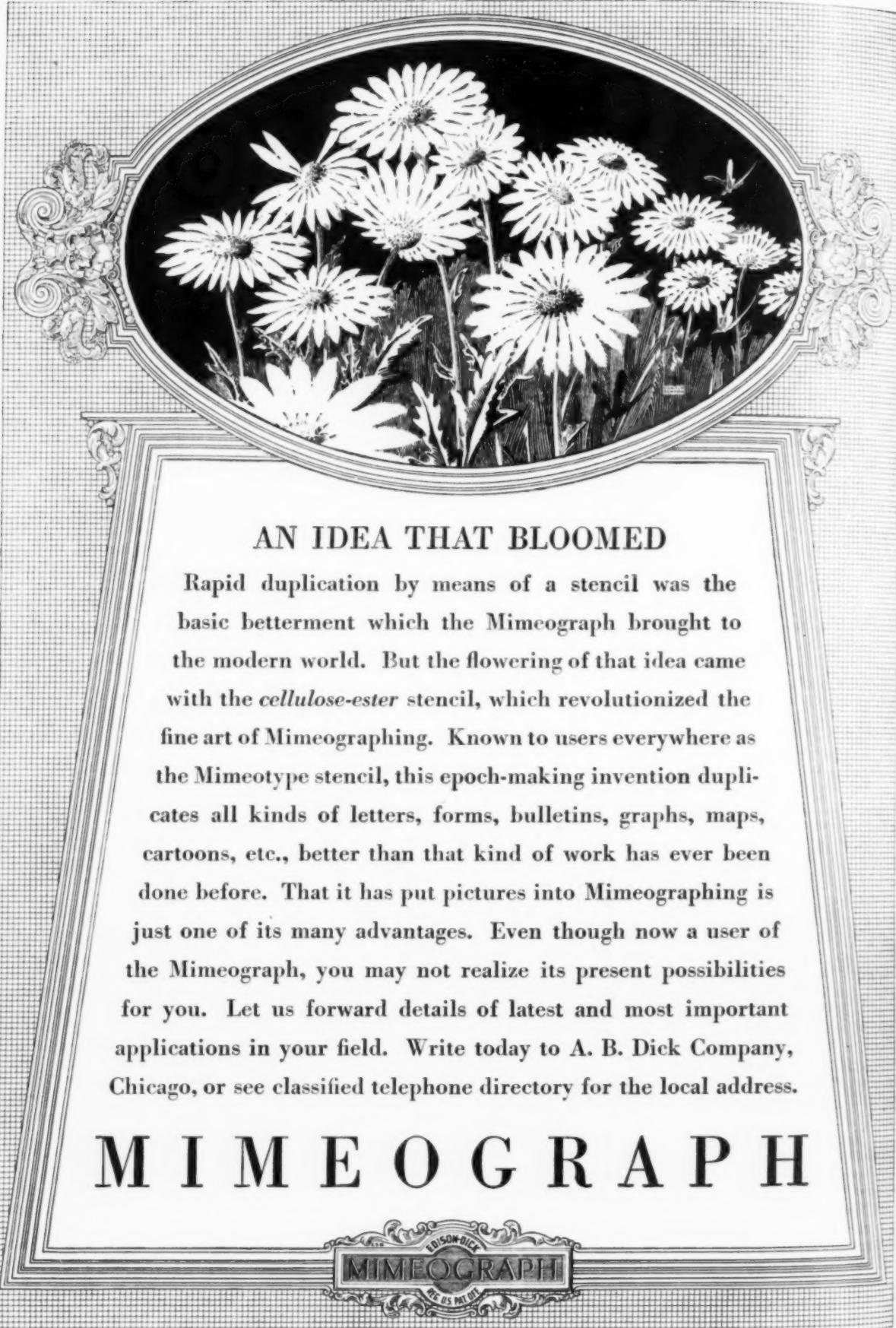
Automobile companies see 3 sales difficulties this year: the possibility that November and December sales will be made at January's and February's expense; the building up of 4 months of used cars on dealers' hands; and the growing public concern over motor accidents. Fear of legislation requiring governors on all cars is prompting companies to join in safety campaigns.

## What of '37 Models?

Speculation over 1937 models is more interesting to Detroit than are the sales possibilities of the 1936 models just shown. Some radical changes being toyed with include the rear engine car of fewer cylinders, extreme streamlining, lighter weight.

## More Advertising in '36

Increasing business volume is spurring national advertisers to expand their advertising budgets for the third consecutive year. This news at the convention of the Association of National Advertisers brought smiles to the corp of space-sellers hovering about convention halls.



### AN IDEA THAT BLOOMED

Rapid duplication by means of a stencil was the basic betterment which the Mimeograph brought to the modern world. But the flowering of that idea came with the *cellulose-ester* stencil, which revolutionized the fine art of Mimeographing. Known to users everywhere as the Mimeotype stencil, this epoch-making invention duplicates all kinds of letters, forms, bulletins, graphs, maps, cartoons, etc., better than that kind of work has ever been done before. That it has put pictures into Mimeographing is just one of its many advantages. Even though now a user of the Mimeograph, you may not realize its present possibilities for you. Let us forward details of latest and most important applications in your field. Write today to A. B. Dick Company, Chicago, or see classified telephone directory for the local address.

# M I M E O G R A P H



# BUSINESS WEEK

NOVEMBER 2, 1935

## Motordom on Parade

**Automobile industry starts the big show 2 months early with sales strategy set for a fast start on a year that promises hot competition for a big market.**

TODAY Detroit brings its annual show of new motor cars to Broadway 2 months head of the usual time. As the Grand Central Palace curtain rises on "Motordom on Parade" (as the industry likes to call its show), Ford and Lincoln have their own show at the Hotel Astor. General Motors, in addition to participating in the big show, is staging an exhibition of safety engineering, automotive research and design, and certain phases of precision manufacturing operations on the third floor of the Waldorf Astoria, whose ballroom has been transformed into a "hall of safety."

In attempting the untried—introducing new models in the fall—the industry's sales executives are prepared to use the full bag of tricks which have helped bring them back from depression's depths in a hurry. Motorists in the Northern states are being reminded that 2 full months of good motoring remain before severe weather begins. The slogan at the Detroit Auto Show (Nov. 9-16) is to be "Tour This Winter," with exhibits showing that main highways are kept free from snow and ice the year round and pointing out attractive winter touring vacations.

A big sales drive will be made to sell

1936 cars as Christmas presents (retail stores aren't very happy over this idea). Bolstering the industry's hopes is the fact that whenever individual car companies in the past have announced new models at other than the year-end, sales have gained sharply for at least 2 months.

### Change Makes Problems

Car manufacturers aren't shutting their eyes to problems accompanying the shift in announcement dates. They know that November and December are certain to rob January and February of sales, the latter 2 months looming as the poorest of the year. They know that dealers will have to carry 4 months' supply of used cars instead of 2, since it is next to impossible to dispose of trade-ins during the winter. Yet this isn't so bad as it might appear. Over the last 6 years 20% of the year's passenger car business and 24% of the truck volume has been done from Nov. 1 to Feb. 28. It won't be any worse than that this winter, probably better.

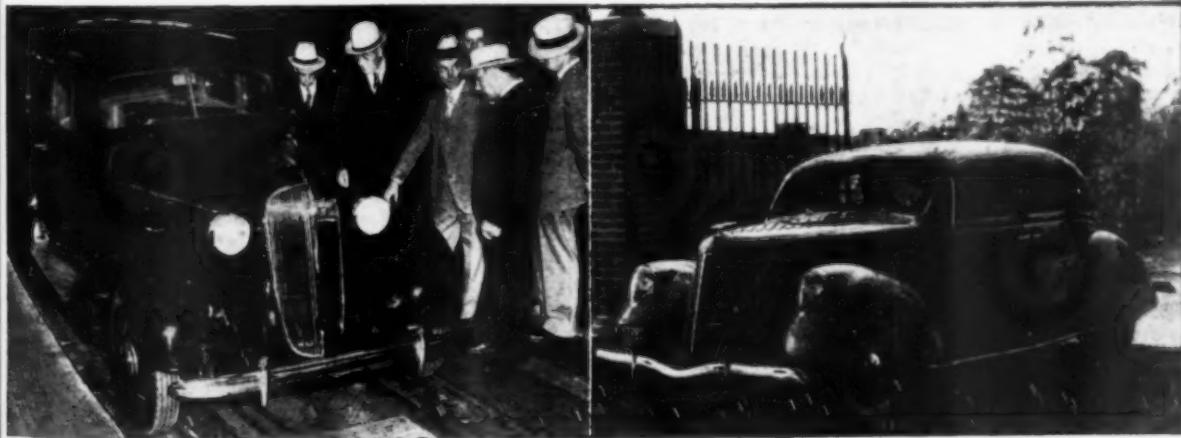
January and February will be utilized by factories to build stocks of parts in anticipation of the spring rush. Sales executives are advising dealers to take in trade only used cars which they know

they can sell. Chevrolet is setting up a factory and field sales staff for used cars paralleling its new car sales organization, with regional and zone managers, to help dealers merchandise used cars.

Dealers for 1936 are beginning to get some of the "breaks" they have been demanding through the National Automobile Dealers Association. General Motors is now liberalizing dealer contracts in order to afford the dealer more protection against intrusion of other dealers in his territory, allow him 90 days' notice of cancellation, take new car stocks off his hands in case of cancellation. Another important manufacturer has revised discounts on accessories, which is the equivalent of granting an extra 1% discount on new cars.

As for new models, the trend is toward fewer body styles. Chrysler is reducing its series of cars from 7 to 4—Chrysler 6, De Luxe 8, Airflow 8, Airflow Imperial 8—and dropping the Air-stream name. Studebaker is confining its production to 2 series, the Dictator and President. Reo has eliminated its Royale 8 in favor of its Flying Cloud 6. Graham has abandoned its 8's and supercharged 8's, will have 3 series of 6's. Reduction of body styles, of course, means economy in manufacture.

There are exceptions to this trend. Chevrolet is adding 4 body styles to its Standard line of passenger cars, giving it a total of 7 (it has sold 250,000 Standards in 1935). The Standard is larger, longer and heavier, is to have the turret top, hydraulic brakes, engine and other features of the Master De Luxe series



**TWO SHOW SURPRISES**—General Motors officials pass final judgment on the new 1936 Chevrolet (left) which they figure will set a million unit sales record next year; although Plymouth and Ford entered their bids earlier (*BW—Oct 1935*), Chevrolet

*Business Week*  
waited for the automobile show's last curtain call today. Mr. Ford reserved one surprise for his own show—also opening today—the long-talked-of Lincoln-Zephyr (right) which now makes him a factor in the middle-price field.

which it will resemble in outward appearance. Only difference is shorter wheelbase and newly-designed leaf springs instead of knee action. The Standard, too, has a new box girder frame of more rigid construction. Nash is supplementing its standard line of "400" cars with a de luxe series.

#### Mechanical Improvements

Many refinements on the new cars provide for smoother engine operation, greater economy, better steering, safer driving (more powerful brakes, quicker pickup in case of danger, elimination of glaring headlights, greater use of safety glass). Studebaker's "hill holder" is an innovation. When the car stops on a hill, the driver disengages the clutch and steps on the brake, which automatically stays on as long as the clutch is disengaged. To start, the driver puts his right foot on the accelerator and engages the clutch, releasing the brakes. The automatic "overdrive" this year is available as optional equipment on all Chryslers and Studebakers. Chevrolet, Buick, and Hudson-Terraplane have swelled the ranks of those committed to hydraulic brakes.

Almost all coach models for 1936 have full-width front seats which hinge in the middle to allow one half to swing forward and let passengers get in and out the back. Insulation against noise, heat, cold has been improved. Plymouth, for example, uses more than 400 rubber parts (over 40 lb. of rubber) as insulating material. Hudson and Terraplane employ various insulating materials ("muffle board" and "masonite") with different periods of vibration from the steel roof, to quiet any rumble, keep out heat and cold. These 2 cars also have automatic draft elimination, all incoming air passing through a screening cloth located above the rear axle.

#### "Baby Lincoln" Born

Probably the most-talked-of car of the new season is the Lincoln-Zephyr, Henry Ford's long-anticipated entry in the medium-price field which everybody is going to call the "baby Lincoln."

Of advanced design, this 122-in. wheelbase car has an all-steel "bridge truss" body in which the 110-hp. V-12 engine is mounted and to which the running gear is attached. Body panels are made a part of the load-carrying structure, permitting light weight with great strength. Conventional running boards are replaced by narrow, rubber-covered side buffers with polished metal edges. The car floor is only 12 in. from the road, passengers entering the car directly.

Instead of the conventional hood, the top of the engine compartment, formed like an engine hatch, lifts from the front on spring-balanced hinges. The engine is designed so that all maintenance work may be performed either from the top or bottom.



*Business week*  
AIR-COITIONED BUS—Developed by Houde Engineering Corp. and Carrier Corp., plans for air-conditioning buses and cars were announced this week at the annual meeting of the National Association of Motor Bus Operators. Refrigerating compressor (A), driven by car engine, supplies the refrigerant to cooling coil (B), where air is sucked in and filtered. Fan (C) draws the air over the coil and distributes it through duct (D). Condenser cooling coil (E) removes the heat extracted from the vehicle and dissipates it to the outside atmosphere.

Two models are offered—a 2-door and a 4-door sedan. The price-tags, for which all necks were craned, read \$1,275 f.o.b. Detroit on the first, \$1,320 on the second.

#### Unorthodox Assembly

Even the manufacturing practice in building the Lincoln-Zephyr is unorthodox. Usual method is to assemble the chassis by installing a running gear and mounting the engine in a frame. Then the body is dropped on the frame and the car is completed. In production of the Lincoln-Zephyr, bodies arriving from the LeBaron plant of Briggs Mfg. Co., are first painted and trimmed on a long overhead conveyor, then go to an "assembly line" only 350 feet long, where the V-12 engine is mounted and running gear attached.

Prices thus far announced reveal a tendency to narrow the spread between top and bottom (barring the limited quality car market). Low-price car makers have the same or slightly higher prices, although some de luxe models have been reduced \$5-\$10. In the medium-price group there have been downward "readjustments." Studebaker prices will begin at \$665, or \$80 under 1935 levels. Oldsmobile's delivered prices are down as much as \$57 on the 8, \$17.50 on the 6. In the higher-medium market, the competitive pot is boiling. LaSalle has been reduced \$70. The Cadillac 60, cut \$700 under any previous price (*BW*—Oct 19'35), is for the first time competing for some of that "medium-class" money.

Confident voices are being raised on behalf of cars selling above the lowest-price bracket. Walter P. Chrysler predicts 1936 will be "a better year for the higher-price lines"; at the same time Studebaker's Paul Hoffman prophesies "the great battle of 1936 will be staged between the Big 3 of the low-priced field and that group of cars which cost

only a little more." Concludes Mr. Hoffman (and the industry agrees): "All indications point to the 'fightin'est year in a long time."

Not to be overlooked is the fact that fall model announcements are a boon to the export trade because (a) for the first time the industry enters the southern hemisphere markets with new lines at the beginning of the major selling season there, and (b) for the first time American new models will be introduced with new European models at the European shows. Recovery in export markets the last 2 years has been strongest south of the equator. With new models at hand as the spring season starts there, American car companies might well market in those countries 60% of the 650,000 units they expect to sell abroad next year. Says Robert C. Graham, chairman of the A.M.A.'s export committee, "This change in model date is the most favorable development for our export business since the Reciprocal Trade Agreement Act."

## Air-Conditioned Car

Houde and Carrier jointly devise method, to be used also in buses.

How to air-condition motor vehicles is a problem automotive companies and engineers have been working on for years.

Last week the National Association of Bus Operators, meeting in New Orleans, heard an announcement by Ralph F. Peo of Buffalo, general manager of the Houde Engineering Corp., a division of the Houdaille-Hershey Corp. of Detroit, manufacturer of automotive precision parts and accessories, and E. P. Heckel of Chicago, vice-president of the Carrier Engineering Corp., specialists in air-conditioning.

They revealed that Houde and Car-

ther have jointly been working on the problem for more than a year, and declared that the cooperative attack had resulted in a new solution and a new system.

The Houde-Carrier system (see accompanying illustration and explanation) refrigerates with Carrene, which is also used in other Carrier air-conditioning systems and in household refrigerators.

The system has been tried out in an automobile since the beginning of summer. If used in a bus seating from 32 to 35 passengers, it will weigh about 600 lb. and occupy 27 cu. ft.

#### Other Systems Used

Another system has been in experimental use on some Greyhound buses. This one (*BW—Jul 17 '34*) refrigerates and heats with propane, known commercially as Petrogas. The McCord Radiator & Mfg. Co., of Detroit, manufactures it under an exclusive license granted by the patentee, a subsidiary of the Shell Union Oil Co.

In 1933 the Campbell Metal Window Corp., a division of the American Radiator and Standard Sanitary Corp., began demonstrating a small, compact, air-conditioning unit for automobiles.

In the summer of 1934 the Edwards Motor Transit Co. began running an air-conditioned 29-passenger bus between Williamsport, Pa., and New York. Designed by J. H. McCormick & Co., this system uses 300 lb. of ice as a cooling medium, the total weight being 600 lb.

## Bond Men Worry Happily

**Investment bankers mix elation over market promise with concern over underlying money situation.**

SUPERFICIALLY the twenty-fourth annual convention of the Investment Bankers Association at White Sulphur Springs this week differed from its immediate predecessors only because of larger attendance and greater buoyancy of spirits among the bankers. In official sessions the bankers scolded the government and big, witty Irish John J. Burns of SEC scolded back. Outside, in the Greenbrier lobby, on the golf courses and bridle paths, the bankers were happier than at any time since the Quebec convention in that October of 1929, when happiness ended. Their business is better and they have fond hopes that the one-sided "refunding" phase of the capital market recovery may broaden out into real new financing under their wing.

But over the meeting hovered a big question mark. Various phrased, in quiet, serious conversations between delegates from all over the country, it summed up as: "How solidly is the investment market developing, how soundly can it be going with its underpinning in an artificially easy money market?"

It is paradoxical that bond dealers are concerned over bonds selling at high prices. But many of them are. The

rank and file of bond houses cannot handle the low-yielding issues currently being created. No one wants them except institutions and estates that must keep investing in whatever medium is available. The dealer with an individual clientele would be afraid to put his customers' funds into long-term employment at prevailing interest rates, even if the customer were agreeable. For the time being he is doing a good business in local securities, trading holders in and out of outstanding issues. But he would like to have some new material to offer, and not at rates at which several years of interest could be offset by a few points' break in prices.

#### Low Cost No Lure

Patently the low cost of money is not even of interest to borrowers. It smacks to them of abnormalities, heightens their nervousness.

There was no consensus among the delegates as to the outcome of the peculiar situation in their business.

Some expect a business recovery to return earning power to money, commercial demand to mop up current excesses of funds, new capital expenditures to create a new supply of securities.

Even in that direction lie problems, because this would involve lower prices on bonds that are being sold currently, causing dissatisfied investors.

Others insist that giltedge securities have reached a new plateau, that huge banking resources, the government's need for low interest costs, will keep yields on prime investments down.

In consequence, they expect subsequent financing to take the form of convertible issues, preferred stocks, even common.

Among the utility bankers, who see financing ahead in the prospective demands for new power generating capacity, there is much talk of junior securities being used. They report that dealers and investors are now inquiring for preferred and common stocks.

#### Calls for Policy Switch

The convention program touched on angles of the money market problem at a few points. Dr. Benjamin Anderson of the Chase National Bank advocated a switch in the government's policy that would eliminate the excesses in credit supply. He proposed that the Federal Reserve authorities increase reserve requirements of member banks and that the Federal Reserve Banks dispose of their \$2.4 billions of government securities.

To possible objections that unload-



Wide World

"*LIKE 1929*"—So said investment bankers about their convention this week at White Sulphur Springs, W. Va., at which Orrin G. Wood of Estabrook & Co., Boston (seated third from left), was elected president to succeed Ralph T. Crane of Brown Harriman & Co., New York (second from left).

ing such a block of securities would break the government market, he pointed out that they were short-term issues and if they were allowed to run off at maturity, the outside market would take up the paper, replacing them at only moderately higher rates. The government will have to pay higher interest or precipitate an uncontrollable speculative orgy (*BW*—Oct. 19 '35), he said.

#### High Prices Under Fire

Sidney J. Weinberg, Goldman, Sachs partner, introduced another phase of the problem in his report for the industrial securities committee. It cited the difficulty of security originators in a "sellers" market such as now prevails, was openly critical of the high prices that have been put upon some of the new corporation bonds. This he termed symptomatic of overkeen competition among the bankers likely to allow borrowers to dictate terms and provisions not to the best interests of the investor.

Charles R. Hook, American Rolling Mill president, gave the bankers little encouragement to believe that the heavy industries would soon require sufficient capital to provide the market an adequate outlet for surplus funds. He predicted, however, that the development of an integrated housing industry operating on a mass production basis would furnish impetus for the next recovery, open a gigantic mortgage market.

But weighty problems notwithstanding, there was no gloom among the bankers. There was much talk of new jobs, new firms, new branch offices. From foursome to foursome the inquiries ran, "Have you heard that Eddie Birmingham is coming back into the business, is going to open a Lehman Bros. office in Chicago? What do you hear about the new Harris, Hall firm?" Just like old times.

## It Pays to Know

So national advertisers plan new trading-area map, push Research Foundation projects at convention.

ALTHOUGH advertising may, by definition, be something less than an exact science, the men who pay the bills are determined to eliminate as much guess-work as possible. Under the aegis of its Research Foundation, launched a year ago, the Association of National Advertisers is pressing forward on no less than half a dozen fronts of technical analysis. Announcement of the newest of these studies—one which points to the establishment of a standard trading-area map—furnished members and guests at A.N.A.'s twenty-sixth annual convention in Atlantic City this week with a "brass tack" discussion item.

As outlined by the outgoing president, Allyn B. McIntire of Pepperell,

the plan involves correlation of census data with statistics being assembled by the Bureau of Public Roads to determine the buying power of every com-

will undertake the job of defining and analyzing all copy-testing methods in use today and of preparing a checklist of standard techniques adaptable to various types of advertising.

In the field of radio research, the operating schedule of the "Committee of 15," representing broadcasters, agencies, and advertisers, aroused wide interest. The committee has already set to work on the first of several objectives, an evaluation of existing statistics on set ownership and the initiation of extensive consumer investigation to check ownership, condition, and operation. It confidentially reported that the committee sees the need of at least \$30,000 to finance the long-term investigation of just what an advertising dollar buys on the air.



**ADVERTISERS' HEAD**—As chairman of the board of the Association of National Advertisers, Ken R. Dyke, general advertising manager of Colgate-Palmolive-Peet Co., was elected this week to succeed Allyn B. McIntire of the Pepperell Co., outgoing president; change in bylaws to allow for more officers explains the difference in titles. Paul West, for 3 years managing director, is now president.

munity and the flow of trade into and out of each. Bureau of Foreign and Domestic Commerce will direct the work.

Replacing less comprehensive indexes now in use, such a standard map would be of value not only in directing economical distribution of goods and sales effort, but in buying advertising space, since the various publications would presumably break down their circulations in terms of the established zones.

This and other Foundation projects (*BW*—Oct. 26 '35) will henceforth be conducted on an industry-wide basis, for at the convention the American Association of Advertising Agencies accepted the A.N.A. invitation to joint sponsorship of the Foundation, and plans were agreed on to include equal medium representation in the direction of any project affecting that medium.

Considerable expansion and intensification of the Foundation's copy-testing project was recommended by Ken R. Dyke of Colgate-Palmolive-Peet, new association head. Under the suggested plan, a committee of 10 psychologists

## 4-A's on the Coast

Pacific agency group votes to merge with national organization.

SINCE the turn of the century, New York City has been advertising headquarters. But today the advertising business has spread out so that scarcely a city of any size is without its full complement of advertising agents.

During this same period of expansion, however, advertising on the Pacific Coast acquired an increasing sectional aspect. Agents developed their own special accounts out of distinctive Coast business, handled them without benefit of Eastern counsel.

And when agents got together to hash over the problems of their craft, they convened under the auspices of their own Pacific Advertising Agencies Association, although the American Association of Advertising Agencies also claimed many members on the Coast.

Several months ago, 4-A overtures to Coast agencies suggested that their absorption in the national association was perhaps not far away.

Last week, the first Pacific Coast convention of the American Association of Advertising Agencies officially signalized the completion of that move. From now on the 4-A's will hold a special Pacific Coast convention each October.

More than 150 delegates were in attendance at the 2-day convention held at Del Monte, Calif., presided over by Louis Honig, president of the Coast branch of Erwin Wasey & Co.

Prominent Coast advertising men participating included Dana Jones, head of the Los Angeles agency bearing his name; T. W. Braun, president, Braun & Co.; David Botsford, president, Botsford, Constantine & Gardner; Henry Hawes, vice-president of McCann-Erickson, Inc.; Don Francisco, vice-president of Lord & Thomas; Norman Strouse of J. Walter Thompson Co.

# "Go INTERNATIONAL"

## . . . Sound Advice FROM THE USER

BEAUTIFUL APPEARANCE sells many Internationals—but what makes and holds the great legion of International owners is far more than appeal to the eye.

International has not only built TRUCKS for 30 years; it has built REPUTATION for a quality product that people *know* can be counted on to deliver hauling economy spread over long mileage. The longer you look into what it takes to make lasting low-cost truck performance, the more you will be pleased with Internationals.

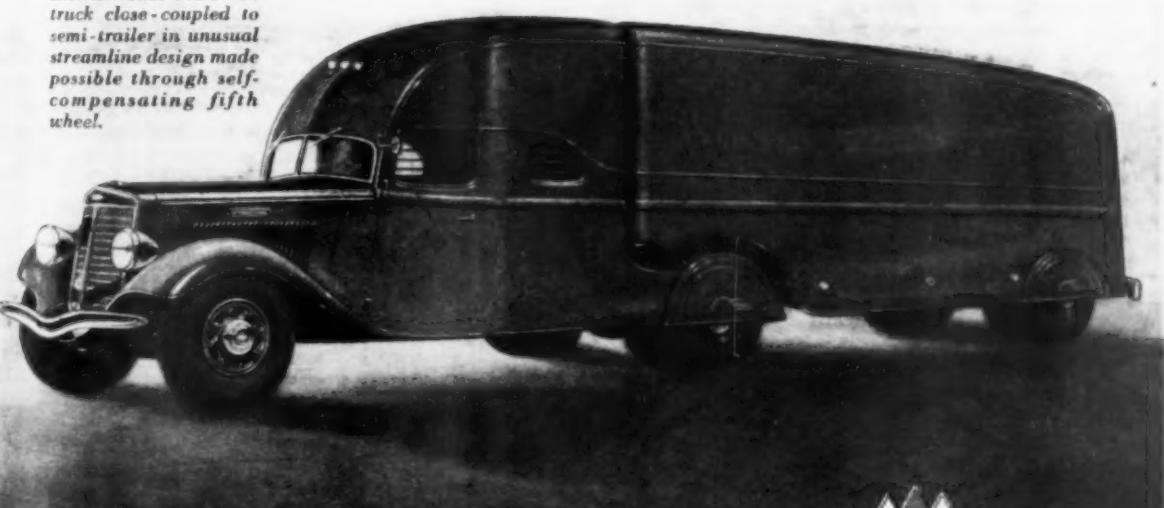
International Truck sizes range from Light-Delivery to powerful Dump and Tractor Trucks, starting with  $\frac{1}{2}$ -ton 6-cylinder chassis at

**\$400**  
f. o. b. factory

Your most reliable guide when you buy trucks is the good opinion of truck owners and truck drivers as to *International against the field*. Be guided by fundamentals. Depend on rugged International Trucks and on the protection afforded by the world's largest Company-owned truck service organization. Solve your hauling problem by International investment and free your mind for other problems.

**INTERNATIONAL HARVESTER COMPANY**  
606 S. Michigan Ave. OF AMERICA  
(INCORPORATED) Chicago, Illinois

*International 4 to 5-ton truck close-coupled to semi-trailer in unusual streamline design made possible through self-compensating fifth wheel.*



## INTERNATIONAL TRUCKS

# Coal Rebellion

**Companies declining to accept coal code under Guffey act object to elimination of shipping facilities from allowable competitive factors.**

HAILED by proponents as the way to stabilization for the bituminous coal industry, the Guffey coal-control act is meeting with increasing opposition from operators who declare that the proffered salvation carries too big a price tag. Attacks on the constitutionality of the new law, made in federal courts at Washington and Louisville a few days after the measure was signed by President Roosevelt, were followed up last week with the announcement that 5 of the largest producing companies in the Appalachian region would decline to accept the new code of fair practices recently promulgated by the National Bituminous Coal Commission.

Other companies are known to be contemplating similar negative action and this threatens to jeopardize general adoption of the code in the affected districts, although the commission bravely asserts that it will enforce the new law.

## Five Objectors

The 5 companies which have taken the lead in rejecting the proposed code are: Pittsburgh Coal Co., with operations in western Pennsylvania; Consolidation Coal Co., operating in West Virginia, Kentucky, Pennsylvania and Maryland; Berwind White Coal Mining Co., with mines in central Pennsylvania and affiliated interests in the southern West Virginia low-volatile fields; Island Creek Coal Co., in southern West Virginia; Pocahontas Fuel Co., with mines in the Pocahontas district of West Virginia and Virginia.

Rebellion against code acceptance in the case of these particular companies—among the largest producers in the industry—is understood to be motivated by the fear that price correlation will be exercised in such a way that investments in dock and transportation facilities and advantages in location and distribution will be jeopardized or wiped out. Under the law, the commission is given jurisdiction over such facilities to the extent that it may be considered necessary to effectuate price control.

The price control sections of the law call for establishment of minimum prices which are to give each producing field an equal opportunity to participate in normal competitive markets. In other words, the theory of the law is that mine prices will be so averaged that each field can reach a common consuming market on a basis of relative competitive equality.

The producing companies named, through direct investment or through activities of associated or affiliated interests, have a stake of several million dollars in dock, transportation, and distribution facilities on rivers, at the head of the lakes, and along the Atlantic seaboard. Their fear is that the commission will wipe out the advantages which such investments give.

## Invasion by Water

For example, several years ago, central Pennsylvania coals dominated the New England market and predominated in the New York market. However, Southern fields shipping by rail to Virginia ports and trans-shipping by water to New England and New York were able to displace large tonnages of the central Pennsylvania coal. In some cases, producers made investments in barges and in unloading and storage facilities at New England ports.

Now the objectors fear that the commission will fix delivered prices to these areas on the basis of all-rail transportation charges and so deprive them of the advantage of lower water rates and economies of handling through their own or affiliated distributing facilities. In fact, some operators close to the situation claim that specific statements have been made, that such is the purpose of the act.

With such large producers refusing to assent to the code, it is predicted that many smaller companies will adopt a similar non-conformist attitude. Resentment also is expressed in the deep South, and the Southwestern fields are uneasy. Just how far this rebellion will spread will not be known until returns from the various district committees on code acceptance are all in. The first meeting was held last Saturday and others will be held this week and early next week. Meantime, testimony is being taken in the injunction proceedings attacking the constitutionality of the act. The Louisville case was opened for testimony last Saturday; the battle of evidence at Washington began Oct. 28.

## Oil Jobbers Kick

### National Oil Marketers urge action against big refineries.

In convention at Chicago this week, the National Oil Marketers Association bucked against what members called the oppressive tactics of the major com-



*Underwood & Underwood*

**COAL CZAR**—Charles S. Ho-ford, chairman of the new National Bituminous Coal Administration, serves notice that the "Little NRA" will proceed to enforce vigorously every section of the Guffey Act, threats to stampede the law and uncertainty over pending court tests notwithstanding. Plans for a \$100,000 investigation of the need for production control have already been pushed ahead.

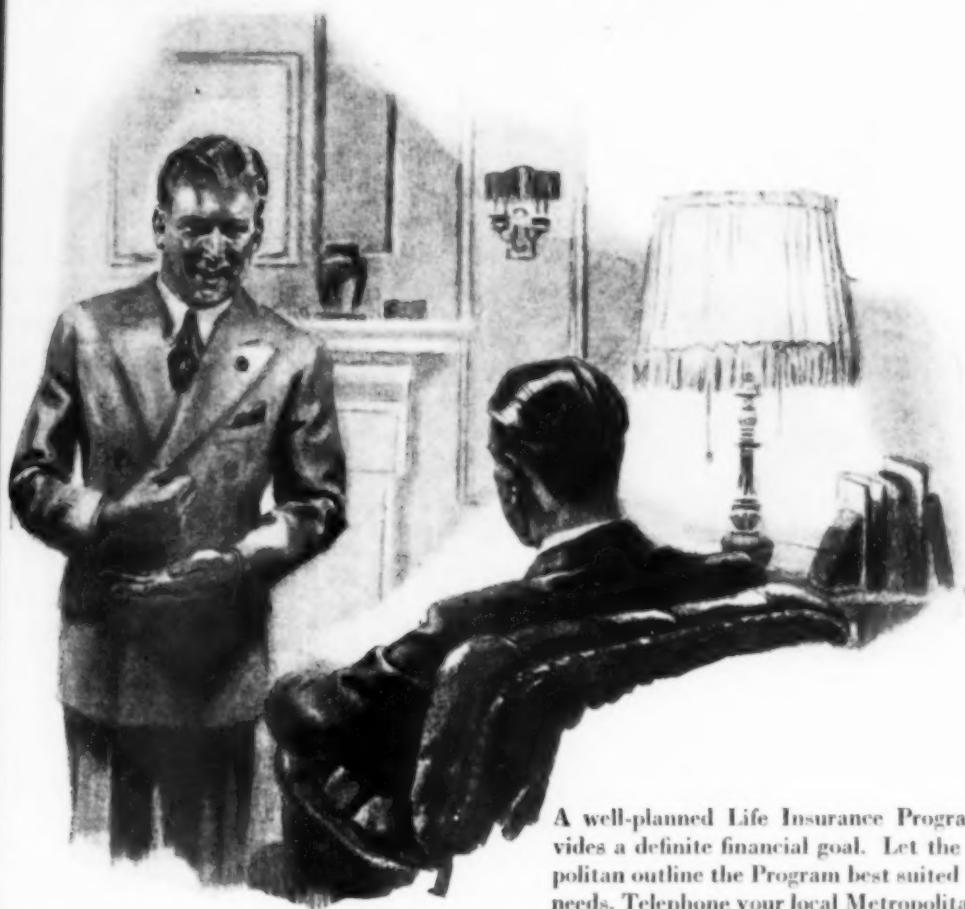
panies. Previously, independent oil jobbers in Virginia met at Richmond and appointed a committee to investigate the feasibility of establishing a deep-water terminal at Norfolk and contracting with some independent refiner in Texas or California for gasoline to be marketed under an independent brand throughout the Old Dominion. Jobbers in the Carolinas are considering a similar cooperative venture. Of course, they will run into the question whether they can get an Ethyl license.

## Cut in Margin

The revolt in Dixie apparently was fired when Shell jobbers whose contracts run out Dec. 1 were notified that on renewal, their margin would be cut from  $6\frac{1}{2}\%$  to  $6\frac{1}{4}\%$ . Those who hopped a train for New York to canvass other major companies were informed that on new accounts the margin would be  $6\frac{1}{4}\%$ , on renewals  $6\frac{1}{2}\%$ . They came home with the story that Standard of N. J. forced the reductions in margins by promising, on this condition, to drop its post-code practice of selling pumps to new accounts at \$7.50 a month, to old accounts at  $3\frac{1}{2}$  a gallon.

N. J. Standard's instalment plan is only one feature of a rapid expansion of the major companies in the retail field which is squeezing the yell out of the

# "I had a Great Dad"



**H**e was wise in a thousand ways, but he never managed to organize himself financially. I remember how often he regretted not getting enough insurance when he was young. He advised me to avoid making his mistake.

Last Spring I was reminded of what father had said, when I happened to see the slogan of Insurance Week, "The sooner you plan your future, the better your future will be." And I made up my mind that my family would not be left unprotected.

At 28 I'm on my way to financial security — thanks to my Life Insurance Program. My wife will be taken care of, if anything should happen to me.

I hope to have my Program provide protection for any children we may have. And, in later years, I plan to add to the Program so that it will give us a guaranteed life income.

A well-planned Life Insurance Program provides a definite financial goal. Let the Metropolitan outline the Program best suited to your needs. Telephone your local Metropolitan office and ask a Field-Man to call, or mail the coupon.

*The Metropolitan issues life insurance in the usual standard forms, individual and group, in large and small amounts. It also issues annuities and accident and health policies.*

*The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.*

Metropolitan Life Insurance Co.,  
1 Madison Ave., New York, N. Y. (W)

Without placing myself under any obligation, I would like to have information regarding a Life Insurance Program to meet my needs.

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_

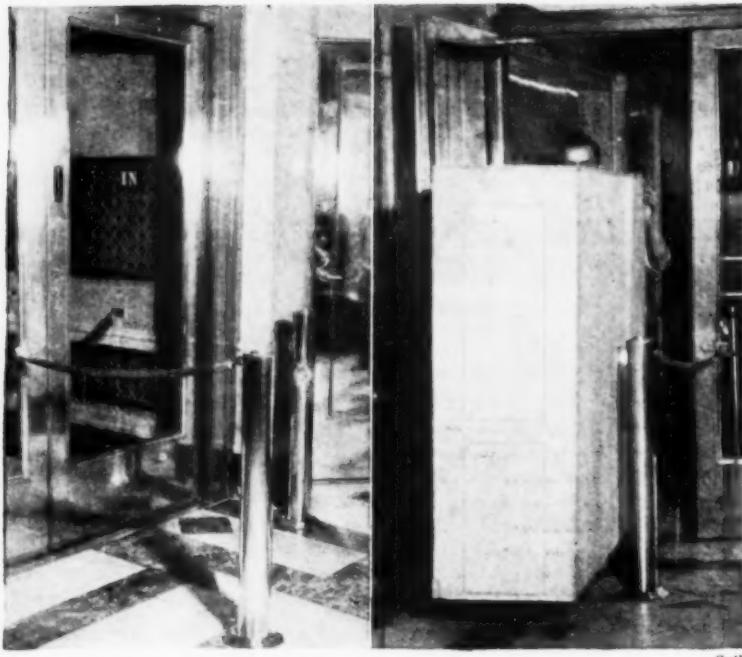


## METROPOLITAN LIFE INSURANCE COMPANY

Frederick H. Ecker, President

One Madison Avenue, New York, N. Y.

© 1935 M. L. I. Co.



**WALL STREET'S ELECTRIC EYE**—Making its office building debut, the electric eye system of opening and closing doors has just been installed in the 40 Wall Street building, owned by Starrett Bros. and Eken. Not only does it conserve building heat and eliminate heavy tugging at doors on windy days, but it facilitates the work of building attendants and service men who have bulky packages to handle. The electric eye is quicker than the hand.

jobbers. Their complaints to the Department of Justice have been piling up, but since the appointment of John Dickinson as Assistant Attorney-General in charge of the anti-trust division, nothing has been heard of the investigation which Harold M. Stephens, his predecessor, is purported to have promised the National Oil Marketers Association before he was elevated last July to a judgeship in the District of Columbia Court of Appeals. However, it is reported that G-men have visited jobbers in more than 20 states to discover how they are being treated at the hands of the major companies and jobbers are still hoping for action on their complaints.

## Flake Coffee

**Sales advantages are claimed for new type of coffee developed on initiative of can manufacturer.**

COFFEE in flake form was being offered to the public for the first time last week, through the Grand Union Co., in its 21 stores at Glens Falls, N. Y. It gained such instant popularity that new and repeat buyers have kept those stores stripped of stock.

The new process was developed at the Mellon Institute of Industrial Research by Continental Can Company's fellowship, incidental to its efforts to

overcome the packaging problems involved in marketing coffee. It requires no new departure in the roasting, but after the beans have been ground the coffee is crushed between highly polished rollers and converted into paper-thin flakes of approximately 1/6000 in. thickness. In that state it is said to give up its essence and flavor more quickly and completely than when put through the brewing process in ground or pulverized form.

### Made in the Old Way

Its makers point out that no new gadgets are needed to use flake coffee. Any brewing method will give satisfactory results. In fact, it is said to react so quickly that hot coffee may be made quickly by steeping, like tea, and iced coffee demands only the pouring of ice water on the flakes.

At present the Grand Union plant at New York is the only one producing flake coffee commercially, but Continental Can Co., owner of the patents, expects to license other coffee roasters and distributors.

Grand Union is selling the flake coffee under the Super Cup brand, in 10 oz. cans, retailing at 20¢. Its advertising claims that the 10-oz. can will make as many cups of good coffee as can be gotten out of a pound of ordinarily ground or pulverized coffee. Merchandisers point out that, if flake coffee gains consumer acceptance, it will bring a welcome solution of the most trouble-

some part of coffee retailing, that of catering to the many different notions of users as to how fine or coarse coffee should be ground to give the best results. They are also interested in the profit opportunities opened up by the possibility of stretching the roasted bean over more cups, note that Grand Union's 10-oz. can at 20¢ comes at the rate of 32¢ per lb., while its best brand of ordinary coffee is selling at 25¢ per lb.

## Victor Library: \$950

**460 records, in 94 albums, offered to people who like things in sets; also \$600 radio-phonograph.**

Good old Dr. Eliot, wise, benign, and silvery-haired, still lives in the living-rooms and libraries of many thousands of prosperous American homes. His Five-Foot Book Shelf of Harvard Classics satisfies the desires of people who like to buy their books in authoritative sets, as they buy their furniture and their silver.

This month Thomas Joyce, advertising manager of the RCA Victor Co., starts making a sales appeal to the set-buying habit of prosperous Americans. He offers the Victor Library of Recorded Music.

Price: \$950.

That's high enough to be authoritative.

A combination radio-phonograph, at \$600, is also offered in his new sales drive. But the thoroughly novel thing is the copious library of recorded music.

### Cream of the Crop

It consists of 94 linen-bound albums containing 460 records, the cream of many years' recordings, including classical music and jazz; the Victor Book of the Symphony; the Victrola Book of the Opera; an index in which each record is classified by composition, composer, artiste, and number; and a 3-tier cabinet in which to store all the albums and books.

The radio-phonograph has 22 metal tubes, the "dynamic amplifier," an automatic record-changing mechanism, and attachments with which the purchaser can make his own records.

Last year the company sold 51% more records than in 1933, and this year it has sold 68% more than in all of last year. Money is going into people's pockets; they are willing to spend it for records; and so now the company will satisfy their appetite at one full swoop.

A large magazine, newspaper, radio, and direct-mail campaign starts immediately, and dealers who buy at least one Library and one radio-phonograph combination will be named in all this advertising. Those who buy more will be named more often.

# SNOW and ZERO TEMPERATURES ARE NO OBSTACLES

FOR QUICK ERECTION AND  
COMPLETION OF YOUR  
NEW BUILDING, PLANT  
ADDITION, PLANT  
MODERNIZATION, YOU  
CAN DEPEND ON

## TRUSCON BUILDINGS

Custom-built from rust-resisting  
copper alloy steel units . . .



### PERMANENT • INEXPENSIVE

Ready for Occupancy in a Matter of Weeks

Because Truscon buildings are built entirely from standardized steel units adverse weather conditions present no barriers whatever to their quick erection and occupancy. Elements regardless, these buildings can always be put up very rapidly and with a minimum of time and labor costs. Please bear in mind, too, these are not "standardized buildings" in any sense of the word. They are actually custom built to meet your individual needs from standardized steel units. You can have any type or size, any arrangement of doors and windows, any kind of side walls, and either pitched, monitor or flat roofs. Truscon buildings are fire-safe, permanent and attractive. They are a long-time building investment with another feature added. They can be dismantled and re-erected in a new location should this become desirable.

**STEELDECK ROOFS** • Ideal roofs for Truscon buildings. Trouble-free, permanent, economical. Made of copper alloy (rust resisting) steel, and will last indefinitely. Fire-safe and very light in weight. Covered with insulation and waterproofing, they weigh only 5 pounds per square foot.

**FERROCLAD WALLS** • Fire-safe walls only a trifle over one inch thick, but which offer resistance to temperature changes equal to that of a 25-inch concrete wall. Consist of inner and outer facing of copper bearing steel with one inch of commercial insulation — all edges sealed against moisture — between the steel layers. Economical, efficient.

Write for full information on Truscon  
Buildings, Steel Deck Roofs and Ferroclad Walls

#### PITCHED ROOF TYPES



#### FLAT ROOF TYPES



UNEQUALLED FOR FACTORY, SHOP, WAREHOUSE, GARAGE, SHED, HANGAR, ETC.

**TRUSCON STEEL COMPANY • Youngstown, Ohio**

# A STATEMENT BY

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**G**ENERAL MOTORS is presenting its 1936 offerings. The new cars are now on display by General Motors dealers everywhere.

As you view the new models, you will see that progress by evolution has been continued. Nothing especially revolutionary or radical is being offered—our effort has been toward more safety, improved mechanisms, greater eye appeal—all with increased economy of operation and maintenance.

These advances are the result of another year's work by the General Motors engineering staffs. I believe you will like our cars for 1936.

**T**his year the time of announcing new models has been advanced in the hope that there will result more uniform retail sales. Such sales are highly seasonal. For instance, normally 12% of the cars are retailed during the month of April, as against 3% during the month of December. Production, therefore, is necessarily irregular.

The annual income of the worker is adversely affected by this irregularity—important, not only to the worker, but to the national economy as well. And this affects everybody. Any improvement will affect favorably the workers of many other industries. This is progress.

General Motors recognizes its responsibility in this connection. It not only heartily supports the program, but in addition has set aside \$60,000,000 as a stabilization fund. The objective is further to equalize employment through the accumulation of inventory by maintaining the manufacture of com-

ponent parts during the winter when industrial employment is sub-normal and outside employment largely eliminated.

General Motors asks your support toward this most worthy objective. In fact, the extent to which that objective is attained, depends upon your co-operation. So if you are thinking of a new car for 1936—buy now. There is no adequate reason why that car should not be purchased now. It is the same car, now or later.

*T*here is another problem of public importance in which General Motors recognizes a primary as well as a secondary responsibility—SAFETY. This problem involves not only the car, but the highway; and still more importantly, the driver and the pedestrian.

Let us first consider the car—a primary responsibility. Safety involves construction as well as maintenance.

The "turret top" will be a part of all General Motors cars in 1936. This consists of a solid steel structure, with the supporting members integral with the top and with the main structure of the body itself. Adequate strength is provided to insure safety even in the event of unusual accidents. This has been amply demonstrated by experience.

"Knee-action," or independent springing, while looked upon only as providing a "better ride" is in reality also an added safety device. Each wheel absorbs its own shocks—important in case of accidents or bursting of a tire.

And Fisher no-draft ventilation likewise provides not only comfort, but safety as well.

# GENERAL MOTORS

Many consider that safety and power are antagonistic. This is not necessarily so. Ample power, intelligently used, may well promote safety. Far less power, unintelligently used, may be hazardous.

The motor car of today, notwithstanding the fact that power has been notably increased, can be controlled more effectively than the car of yesterday. Here arises the importance of roadability, as well as of adequate and reliable braking.

To the particular safety features mentioned might be added, if we look backward a moment, the electric starter, four-wheel brakes and similar advancements which General Motors first adopted as a quantity producer. Thus we see demonstrated that in General Motors engineering down through the years prime consideration has been given to safety. And others have made important contributions as well.

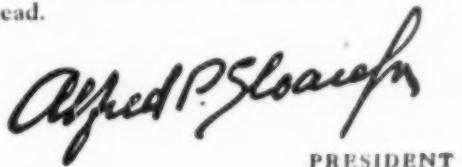
The motor car itself, however, is only a part of our problem. Much progress has been made in advancing the safety of the highway construction-wise, in line with continually increasing traffic congestion. Acknowledgment is due those also who have contributed in the way of enforcement and better traffic planning. But, still more adequate highways are essential if we are to utilize to the utmost

this young and virile instrument of transportation, the modern car.

Now, as to the driver and the pedestrian. General Motors believes this to be a problem not only of education but of *continuous* education.

In that belief it pledges cooperation with all agencies whose duties or energies are directed toward highway safety. It proposes to make a tangible contribution by organizing, in a definite and aggressive way, to instill "Safety First" into the minds of those who purchase its products; to cooperate with all enforcement authorities, with respect to the problems of traffic control; to cooperate in devising ways and means of insuring safety maintenance; to promote new and better plans of regulation; to impress the importance of the problem upon our youth, and to cooperate in other ways, directly or indirectly, that offer promise of reducing the increasing highway toll that is being levied upon the community.

General Motors is grateful for the endorsement of its 1935 products, which has made possible a world production of more than 1,500,000 vehicles during the year. The contribution thus made in an important aggregate of employment has accelerated the normal processes of industrial recovery. We shall strive to make a still more important contribution in the year ahead.



Alfred P. Sloan, Jr.

PRESIDENT

# Shylock, Consolidated

**Recent gang murders call attention to the newest usury racket which may spread from its native New York to prey on employees in other cities.**

WHOLESALE liquidation of big gangsters in the New York sector focuses attention on a new racket by which these furtive magnates are bolstering revenues cut by repeal. Mr. Arthur Flegenheimer, yclept Dutch Schultz, is supposed to have come to his timely end from a collision with rival executives over boundaries and rights in the Shylock Racket. This is the loan shark business with strong-arm trimmings. It is just starting to spread from New York. Cities large enough to support gangs should take warning. The Shylock Racket is the most dreadful form of usury yet invented by the predatory for bleeding low-income employees.

## Recruits from Liquor Gangs

The Shylock Racket first appeared about 1½ years ago—soon after the mob leaders started to pull in their pistol belts because of legalized liquor. It is also known as the "Six-for-Five" (from the weekly interest rate) and

the "Brooklyn Racket" (for the city of its origin). One of its authors is supposed to have been Mr. Louis Amberg, known as Pretty, who lies mouldering in his grave with sundry punctures of the person. The volume of business in Greater New York is now estimated at \$1 million a week.

Shylock racketeers assume credit risks that a loan shark would not touch. Loan sharks, being of the genus rodent, shun violence. They have not gone into the new field. Its financiers are mobsters who were left with a capital from the good old days of prohibition. Numbers were multiplying and the merger phase has been reached, to the great satisfaction of the morticians. Yields are highly attractive. Gross income from a \$1,000 investment is \$800 a month, or \$9,600 a year. Thus the judicious placement of a few thousand will keep a man in blondes and provide, in the end, a mighty pretty coffin.

New York state has a good small-loan law. Interest rates start at 3% per month. This law was passed in 1932. Under it legitimate borrowers can obtain advances from personal loan companies on chattel mortgages. Other sources of relief are personal loan departments of commercial banks, industrial banks, credit unions, pawnbrokers. Many employees are driven to shady lenders when sudden needs arise be-

cause their employers forbid them to borrow from small loan companies.

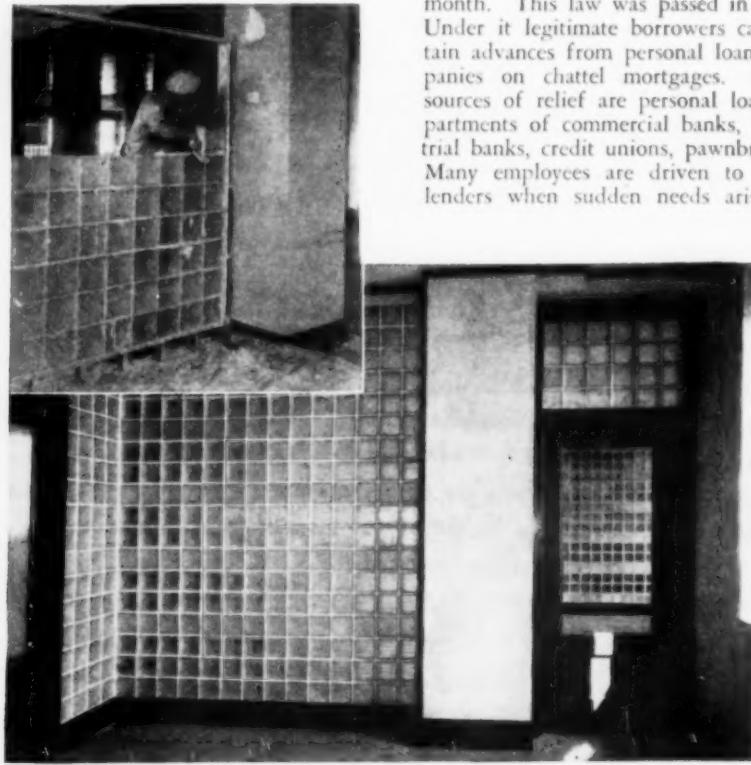
The Russell Sage Foundation finds that the Shylock racket flourishes among lower-salaried city and federal employees, workers on federal relief, employees of banks, insurance companies, public utilities, transportation companies, etc. No loan of less than \$5 is made, usually the amount is \$5 or \$10. Interest is 20% per week, 80% per month. The lender does not want his principal back but he gets his interest or else. Often borrowers have been coerced into keeping the principal and continuing payments of interest.

## Contact Men

Elevator boys and employees with access to payroll information tip off the Shylocks on prospects. On pay days, collectors wait in doorways for their victims, accompany them while checks are cashed, take their interest on the spot. If the borrower can't pay, it is just too bad. No excuse is accepted. The delinquent is waylaid by braves of a "collection syndicate" who beat him up and liberate him with the threat that worse will happen if he misses another payment. Several lenders employ the same thugs. All may be part of a larger syndicate.

Surety companies have a direct interest in the situation. Suicide attempts have been directly traced to the Shylockers. In one case a bank clerk took poison rather than continue his bondage. His books were found in perfect order, but this isn't always the case. A common routine is for the victim of one Shylock to make payment by going to others. Finally he is so desperately involved that he is driven to defalcation or stickups to make good.

Legitimate small loan companies have been unable to do much about the Shylock racket. Their hope is that the taking off of Mr. Dutch Schultz will spur the police to strike at the source and clean out the operating gangs. Now Special Prosecutor Thomas E. Dewey has rounded up many of the racketeers on usury charges. Hitherto the police have been hampered by the fact that victims are afraid to testify. As one post office clerk said, "I couldn't go on the stand. They'd kill me. And I've got a family to support."



**LIGHT CONSTRUCTION**—Owens-Illinois Glass Co. claims that its new glass block, laid and mortared in virtually the same manner as any kind of brick (upper left), will not only transmit and diffuse much more light than is admitted by other types of construction, but also will deflect sun glare, reduce heat flow, deaden sound, and resist fire. A single block will bear 72,500 lb. pressure.

*Underwood & Underwood*

## Windows on the Wane

**Two new buildings designed without windows introduce novel problems of construction.**

THE old-fashioned windowpane is undergoing strange vicissitudes at the hands of the new designers.

Plans for 2 new industrial structures, just announced last week, point the trend. Down in the foothills of the

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NOVEMBER

Blue Ridge at Hershey, Pa., the Hershey Chocolate Corp. is erecting a 3-story office building which, like the Sears Roebuck store in Chicago (BW—June 23) is utterly *sans* windows. Equally unconventional is the packaging research laboratory of the Owens-Illinois Glass Co. in Toledo; it will be built exclusively of translucent but not transparent glass blocks.

#### Completely Conditioned

Both designs have a common objective: complete air conditioning and elimination of heat leakage. In the interests of improved insulation, novel roof treatments will be introduced. The Hershey building roof will be a dead level concrete deck on which there will be at all times about  $2\frac{1}{2}$  in. of water, while the roof of the Owens-Illinois structure will be insulated with glass wool.

The Hershey plant is going to rely exclusively on indirect mercury vapor lighting modified by mazda lamps. Through the Owens-Illinois building natural daylight will be so uniformly diffused at all times that only rarely will artificial light be needed.

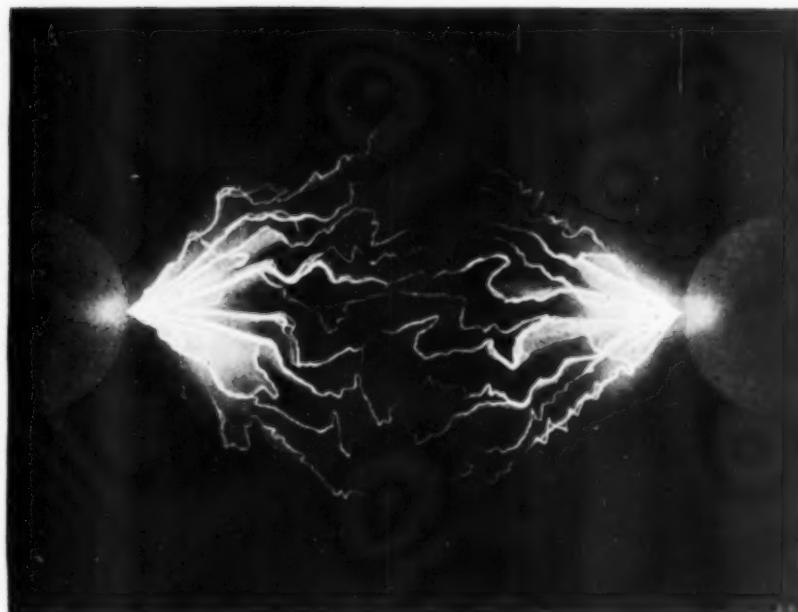
Since everybody talks about the weather—and Hershey workers might grow restive if the lack of windows deprived them of this universal topic of conversation—company officials have decided to do something about it. In every office they have installed 3 colored lights, showing red, white, and green. When it is clear outside the white one alone will be lighted; white and green indicate cloudy weather; red, rain; red and green, sleet; green, snow; red and white, clear with temperatures above 90 degrees; red, white and green, clear with temperatures below 10 degrees.

Finally, Hershey officials found they had one last problem to wrestle with. The absence of familiar noises which ordinarily filter through office windows might, it was agreed, magnify disturbing sounds with the office. Hence, ceilings and other room surfaces will be treated with cork, properly compressed for sound absorption.

## Safety Walks

Bay State will build sidewalks along highways to cut accidents.

MASSACHUSETTS has decided to hook up relief with accident prevention along the highways. After a study of pedestrian traffic and accident records, \$4 millions has been allocated from Bay State relief funds to build sidewalks on interurban roads. From 500 to 1,000 miles of walk will be constructed. Some will be footpaths 2 ft. wide, some as much as 8 ft. wide. But in general they will be 4 ft. walks, hard surfaced in bituminous or concrete.



## This, too, is inertia

A BOLT of "man-made lightning" has no power within itself to change its direction. Some manufacturers using iron or steel sometimes find themselves handicapped by this form of "inertia." They are active, yes, but along paths often narrowed by tradition and restraining in their adherence to standards, formulas, processes and methods which are no longer truly modern.

Sometimes the advantages of change are ignored because of a feeling of pride or self-satisfaction; sometimes because of a reluctance to interrupt present routine or production volume; sometimes, frankly, because of inability to recognize where the steering of a different course should be undertaken.

But competition is ruthless; wastes no sympathy; is rather glad to see its rivals fall behind. Tomorrow it may have stolen a march on you by announcing a product or part made from an alloy steel demonstrably better than that which you are using. Even though the former material may have been "entirely satisfactory," a display of progressiveness is always smart sales strategy.

What do you make of iron or steel—plain or alloyed? Molybdenum will improve it. This claim is not a random one. A decade of metallurgical research and all manner of tests, applications and service observations support it. Insist on your engineers investigating "Moly"—for adding strength, extra hardness with less brittleness, easier machinability, better welding, greater resistance to heat, shock, corrosion and "creep," and other qualities to your product.

For executives' further enlightenment on the subject, we offer an interesting, non-technical illustrated brochure, "The A-B-C of Better Iron and Steel." A simple request brings you a copy forthwith. Climax Molybdenum Company, 500 Fifth Avenue, New York City.

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CLIMAX  
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INDUSTRY'S MOST MODERN AND VERSATILE ALLOY



## 20% of a pay check SAVED IS 20% more wages EARNED

Poor Richard first said it. But he referred to pennies. Household says it with dollars, and does what Poor Richard neglected to do—shows the wage earner how to make the saving. The wife of one of our customers writes:

**"Since we started using your system (Money Management Plan and Bulletins on Better Buymanship) John says it is just like a 20% increase in his salary."**

We don't claim that every family will immediately have 20% more to spend. We do know that given the kind of help we have found practical the average family will find ways to stretch dollars that have never before occurred to them. 20% is 20%—whether you give it to your men—or whether, through intelligent home money management, they earn it for themselves. From your standpoint, the result in better, happier workmen is the same.

If you employ men—send for sample copies of our Bulletins. You will be interested in Household's method of teaching families to manage money and stretch dollars—a part of Household's complete family financial service, which includes the making of small cash loans, to be repaid in installments, enabling the family to remain in good financial health.

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## Prologues for Consumers

**Professor Hamilton's reports on prices and milk point to a drama of tight governmental control over business, but it may be just a fantasy.**

INDUSTRIES that have had their field glasses trained on Washington in the hope of discovering whether a zephyr or a cyclone may be expected to emerge from Prof. Walton H. Hamilton's Consumers' Division of the emasculated NRA, had much of their curiosity satisfied this week, when that gentleman published 2 important documents concerning his labors.

One of these is "Part I" of a "Study of the Ways" in the milk industry. Its contents were forecast in *Business Week* of Sept. 28. In this study the Yale professor praises the dairy farmers for efficiency, and sympathizes with them for receiving only 3.20¢ per quart or somewhat less than the 3.59¢ which the distributors get for the plant-to-doorstep deliveries. The report contends that the distributor has become the center of the milk problem, that he has adopted the practices of big business, and that "milk has become a means to a profit" and a monopoly into the bargain.

### Implies Big Stick

Professor Hamilton's second document is a 74-page "Prologue to the Drama of Prices." While definite conclusions have been avoided, it bristles with ominous implications as to the need for governmental supervision of industries in the interest of the weak and little consumer.

For instance, the professor takes a wallop at bigness when he holds that a decentralized system is preferable to the way of authority and that "it is far better to take a chance upon a multitude of little judgments . . . than upon a few big decisions." He finds the anti-trust laws inadequate in their operation, because "in its translation into law the very purpose of the anti-trust policy was compromised."

### Disparages Sherman Act

He deplores that in a period of 40 years of Sherman Act enforcement the net result has been merely "a handful of criminals sent to prison; a little more than one hundred decrees; and a little less than \$2 millions in fines . . ." He concludes that resort to litigation to give effect to an economic policy "is not very promising" and that the anti-trust acts "have won conspicuous successes over the little fellows."

Those who have studied this prologue on prices say that it constitutes an excellent springboard for a vigorous campaign for government control of all industry and predict that when the professor delivers himself of the promised

drama, it will have industry control for the consumer as its theme.

They quote numerous extracts from the prologue to support this theory. For instance, it is contended that public policy cannot escape its concern with the price system" and that the price system "must be made an instrument of public policy."

### A Rap at Sales Costs

The direction which public policy might take in that procedure is foreseen when the professor says that "it is impossible to purchase an automobile without paying for a substantial amount of sales talk," which comment is thought to imply that, in a state such as the professor seems to visualize, production would be strictly regulated and all distributive agencies, advertisers, wholesalers, agents, and retailers might be abolished so that the consumer would buy direct from a factory or through a consumers' cooperative organization. At least this is how some unfriendly critics construe his statement.

Many of those who have talked with Professor Hamilton about his plans and ultimate objectives insist that these are fairly represented in the 6-point policy which he announced in the maiden issue of *The Consumer*, new publicity vehicle of the Consumers' Division. They believe that he is sincere in his desire to put the consumers' interests in the forefront of Administrative consideration—and that he does not contemplate either punitive or inquisitorial action.

### Prof. Hamilton's Program

Nevertheless, his announced program of inquiring into price-determining policies, studying consumers' cooperative organizations, and expanding consumers' county councils, and his campaign "to seek consumers' recognition in all matters involving production, price, and trade practices" is taken as a declaration of war on the existing order of things.

Some students of these recent governmental activities in behalf of the consumer look for organization under the present Administration of a separate bureau or even a separate department into which would be merged all the various present and projected governmental and quasi-governmental efforts in behalf of consumers, including a greatly broadened Bureau of Standards and agencies administering the Food & Drug Act, meat inspection, and all other functions that are now carried on in the interest of the consumer.

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## Woolworth Doubles

Jump to 40¢ top in Canada, expected later in United States, is move toward more volume.

FOR the second time in its history, F. W. Woolworth Co., pioneers in the 5¢-10¢ chain variety stores field, is doubling its price limit, this time from 20¢ to 40¢. The first break in the famous 5-&-10 formula came in 1932 when the upper limit was raised to 20¢ (BW—Mar 2 '32), double the amount which the founder, back in 1879, had visualized as the top.

The Woolworth stores advertise that today they offer more items and better values at a dime or less, than ever before. However, sales opportunities have shrunk, because the field has attracted many chain competitors, because drug chain stores now offer at 5¢, 9¢, and 19¢ hundreds of items that formerly were found chiefly in variety stores, because independent druggists, grocers, and hardware dealers now have "dime" counters of regular variety store items.

### Started in Canada

So far only the Canadian Woolworth stores (about 150) have experimented with the doubled price limit, but insiders consider it as a foregone conclusion that the lid-lifting operation will be extended to all American stores just as quickly as the problems of handling the new lines can be solved.

In the past decade Woolworth's profit showing has been excellent, but it has not been getting its proportionate share of sales volume in important cities where other variety chains pricing up to \$1.00 or more have units in direct competition with a Woolworth store.

For instance, Woolworth reached its peak of net income per store in 1927 when 1,581 stores scored an average of \$22,300 per store net income, or over 15% net profits on sales averaging \$170,000 per store. Since then average sales per store have been shrinking, so that in 1934 the 1,957 Woolworth stores in America averaged only \$138,000 per store in sales, though profits of \$16,350 per store indicated that operation yielded a satisfactory margin.

### Higher Top Paid

Compared with that performance Woolworth's nearest competitor, the S. S. Kresge Co., which many years ago raised the price limit, first to 25¢ and then to \$1 in many of its stores, reached in 1924 a peak of \$350,000 annual sales per store, and even in 1934 its total sales of \$137 millions indicated average sales of \$187,000 per store for its 731 units or just 10% more than the highest per-store sales average ever attained by Woolworth and nearly 30% above the latter's 1934 average.

With its price limit doubled, Wool-

To make them  
*want to buy it*

# AUTO SHOW

To tell them  
*"where to buy it"*



The manufacturers of these automotive products identify their dealers through the Classified Telephone Book

Buick	Globe Batteries	Oldsmobile
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De Soto	Goodyear Tires	Prest-O-Lite Batteries
Dodge	Hertz Truck Lease Service	Ramco Piston Rings
Duco Refinishing	La Salle	Seiberling Tires
Duplate Safety Glass	Lockheed Hydraulic Brakes	USL Batteries
Exide Batteries	L-O-F Safety Glass	Vesta Batteries
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(EXchange 3-9800)



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(Official 9300)

worth is expected to gain substantially in sales per store while its profit margin may well increase proportionately.

A Woolworth official predicted that all types of merchandise would be included in the lines carried.

A special representative of *Business*

*Week* who checked price ranges in some of the Canadian Woolworth units found items priced at over 20¢ predominating in the following lines:

Hosiery, slippers, tools, pottery, lampshades, belts, various items of hardware, and electrical supplies.

## Truck Rates Are Going Up

**Regulation means higher costs for truckers now working out charges on that basis. Many truck companies are expanding and mergers are building national systems.**

TED V. RODGERS, president of American Trucking Associations, Inc., filed the first application with the ICC for a contract carrier's permit to cover the operations of his Scranton, Pa., firm under the new law regulating interstate for-hire truck and bus transportation. Approximately 250,000 truckers will trail Mr. Rodgers as the law requires registration by Feb. 15.

H. H. Kelly, chief of the safety section of the ICC's new Bureau of Motor Carriers, rode from Washington to the New York automobile show in a truck of the Horton Motor Lines, Charlotte, N. C., to observe highway conditions that affect the safety of truck operation.

Other officials of the Motor Carriers Bureau have settled down to the job of enforcing the new law. Ten years

may see it fully effective. The Motor Carrier Act follows the pattern of rail regulation but regulation of highway carriers will never become so elaborate. The option of shippers to own and operate their own equipment provides an automatic check.

Under regulation, however, the cost of hiring truck transportation, whether on a common carrier or contract basis, will rise. This will be true, even though truckers eventually base their rates on cost of service rather than on what the traffic will bear, as regulation entails an increase in costs that will be reflected in rates and charges. Eventually a cost-plus-reasonable-profit basis is expected to prevail but most of the regional trucking groups are, temporarily at least, adopting rail rates and classifications, with exceptions and modifications suited

to truck operations as the time is too short to work out comprehensive systems of their own. All tariffs must be filed with the ICC by Dec. 1.

New England truckers have succeeded in developing a complete system of rates and commodity classifications based upon trucking costs. Following A.T.A.'s recent convention in Chicago, truckers in other states are forming regional organizations and setting up tariff bureaus. Some rates will throw traffic back to the railroads as there are some commodities—corn flakes, for instance—which truckers can't haul profitably. As truck rates develop, they will hold their advantage over the railroads on short hauls, go higher on long hauls. As one trucker explained, the railroads are transportation wholesalers, truckers are transportation retailers.

### Cost Basis Is Favored

It is expected that ICC will throw its weight towards rates based on cost. Pleas to this effect have been made to the commission by the National Industrial Traffic League and other shippers' organizations that are worried by the inevitable increase in highway transportation charges. Rates filed before Dec. 1 may not be suspended by the commission but it may change them afterwards. The commission is empowered by the law, after hearing upon complaint or in an investigation on its own initiative, to fix the rate or the maximum and minimum rates of common carriers and the minimum charge of contract carriers.

In general, the cost of for-hire truck transportation will be higher in future, if only because truck transportation will tend, under regulation, to become a stable system. The NRA trucking code was the first step in this direction. The wildcats will eventually disappear from the highways as, individually, their operations are short-lived and the new flock that continually springs up will have to qualify in future as "fit, willing and able to perform the service of a contract carrier" and to conform to the provisions of the law and regulations. Thus the truck transportation field will be fully covered eventually by operators desiring to do a continuing business at a fair profit.

### Many Firms Get Bigger

By merger and otherwise, the operations of many trucking companies are expanding. Truck Systems of America, established in New England by William Laube, Jr., of Waterbury, Conn., now extends to the Pacific Coast and has an annual business reported at \$12 millions. Keeshin Transcontinental Freight Lines, a Chicago company, has pushed its lines east and west. U. S. Trucking Co., of New York City, that under Al Smith's direction was the largest single corporation in the business, now embraces Motor Express, Inc., Chicago.



*Business Week*

**RODGERS TO ROGERS TO ICC**—Ted V. Rodgers (right), president of American Trucking Associations, Inc., files the first application with John L. Rogers, director of the Motor Carriers Bureau, for an ICC permit to bring the operations of his Scranton, Pa., contract trucking firm under the new bus and truck law.



ON 8% OF THE BUILDING MONEY  
*depends* 100% OF THE  
BUILDING'S  
PROFITS!

**S**CARCELY seven or eight percent of the entire building budget is allotted to the FLOORS of a building . . . yet on the floors depend *all* of the building's profits. The floor alone produces the building's revenue. The floor alone decides whether the building will produce profits for many lucrative years or for a miserable few . . . because it determines the extent and convenience of the electrical facilities which the building will be able to offer its tenants.

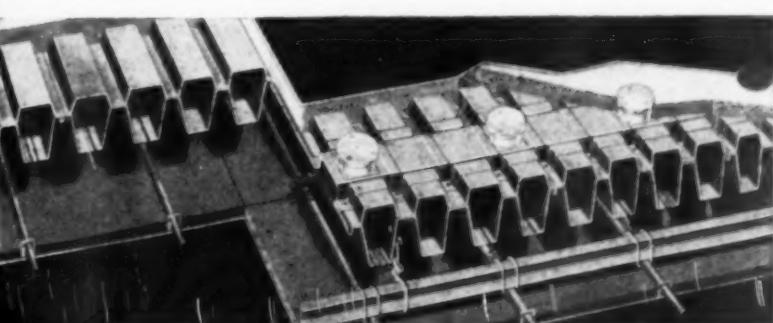
Therefore, if you are interested in any building project, you will want to investigate thoroughly the manifold advantages of using the most modern and efficient system of floor construction yet developed . . . the new Robertson Steel Floor System.

The Robertson Steel Floor System, electrically, is so flexible and adaptable that every present and future electrical

need of a building is perfectly provided for. And this perfect electrical flexibility, unlike the partial flexibility offered by other types of floor construction, is easily and economically available. Since costly underfloor ducts are eliminated, important savings usually result from the use of the Robertson Floor.

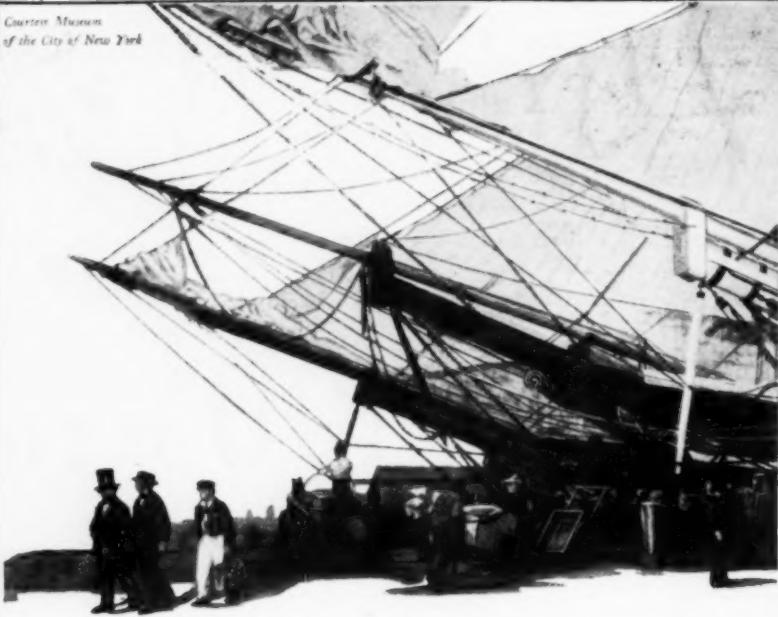
Other advantages recommend the Robertson Floor. It is lighter, stronger, more compact. It reduces fire and accident hazards. It speeds up the erection of large buildings from 20% to 30%! And it is readily adaptable to all types of construction . . . office buildings, factories, hotels, theatres, public buildings, hospitals, and residences.

All the facts concerning this amazing floor system have been incorporated in our brochure "New Life for Buildings". We invite you to write for a free copy. H. H. Robertson Co., Pittsburgh, Pa.



**ROBERTSON**  
**STEEL FLOOR SYSTEM**

*Courtesy Museum  
of the City of New York*



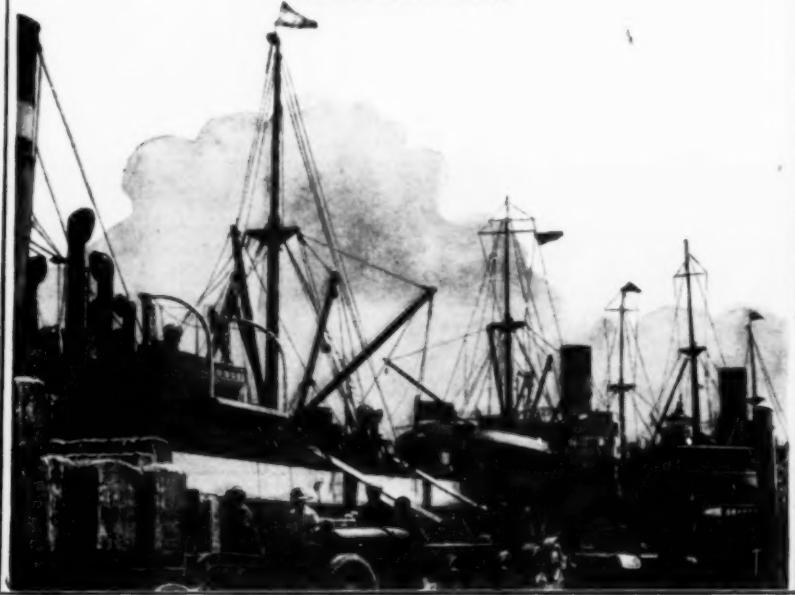
### ***The Ships Come In!***

Success stories of American business pioneering, courage and profit have been reflected in our customers' transactions since the Bank was founded in 1799. We stand ready today, as always, to aid sound enterprise with our knowledge and experience.

## **BANK of the MANHATTAN COMPANY**

**New York**

**Chartered 1799**



CCC Highway, Inc., Cleveland; and Anchor Motor Freight Co., Detroit.

There are particular factors that will tend to raise truck rates. Both common and contract carriers must carry such insurance or other protection for the public as the commission may require and, in addition, common carriers must furnish similar provision for compensation for loss and damage to freight.

Of prime importance in trucking costs and operations of *high* for-hire carriers and private owners is the authority vested in the commission to prescribe safety requirements, including qualifications and maximum hours of service of employees, and standards of equipment.

The law does not give the commission authority to fix the sizes and weights of motor vehicles, except in so far as such requirements are related to safety of operation and equipment, but the commission is authorized to investigate and report to Congress on the need for federal regulation of sizes and weights and combinations.

The new law will cause many perplexities to for-hire operators and private owners, also to shippers who use the services of common or contract operators. Regulation will be decentralized as much as possible.

### **Bardo vs. Berry**

**Head of Manufacturers' Association rejects NRA plan; so do others; but Washington officials say, "They love us privately,"**

CLINTON L. BARDO this week took issue with George L. Berry. Mr. Bardo is president of the National Association of Manufacturers, and Mr. Berry is a shrewd labor leader, farmer, employing printer, and boss of the wistful remnants of NRA.

Mr. Bardo declared that Mr. Berry's attempts to revive the NRA were opposed not only by the N.A.M. but by industrialists generally, as shown by an informal canvass made through spokesmen for other industrial groups. Other leading trade associations have also opposed Mr. Berry's plan and refused to participate in his suggested conferences in Washington.

James M. Hook, president of the Geometric Tool Co., of New Haven, is chairman of a committee of the National Association of Manufacturers that has been studying the NRA question and will report strongly against the revival movement when the association holds its convention in New York on Dec. 4 and 5, in conjunction with the annual Congress of American Industry.

In Washington, however, some of Mr. Berry's and Secretary of Commerce Roper's staffs continued to insist that



## "Flexibility AND Simplicity OF THE 'COMPTOMETER'—PEG-BOARD COMBINATION APPEALED TO US."

—BORDEN'S PRODUCE COMPANY, INC.

"ISN'T there a quicker and more economical way to handle our figure work?" A new answer to this question is the "Comptometer"—Peg-Board method. Because of its extreme flexibility and simplicity it is being applied with substantial savings in practically every line of business on various analyses such as sales, expense, material, costs, inventory control, and other figure work.

The experience of Borden's Produce Company, Inc., serves as an excellent illustration of the adaptability of the "Comptometer"—Peg-Board combination:

"Because of our success with the 'Comptometer' and Peg-Board in handling our reports on fluid milk," writes Peter Campbell, Controller, "our first thought, upon entering the retail distribution field, was to investigate the possibilities of handling this additional volume of figure work on the Peg-Board.

"We were rather doubtful at first because of the fact that we have nearly 500 items in our line to analyze daily by salesmen and territories at each of our branches. A 'Comptometer' representative, however, was called in for assistance in studying our problem. The flexibility and simplicity of the 'Comptometer'—Peg-Board combination appealed to us and together we developed the Peg-Board routine we are now using.

"Our experience with the 'Comptometer'—Peg-Board method in respect to fluid milk, retail distribution from trucks, and in retail branch operations, has been highly satisfactory from the standpoint of speed, economy, and accuracy. It is our opinion that with a little study this system can be adapted to most any business where a detailed distribution of a great many items is necessary."

A representative will be happy to explain how the Peg-Board achieves speed and economy by getting final results from original figures without recopying. Telephone the District Manager of the "Comptometer" office in your locality, or write direct to Felt & Tarrant Mfg. Co., 1733 North Paulina Street, Chicago, Illinois.

# COMPTOMETER

Reg. U. S. Pat. Off.



Phoenix Building, Duluth, Minn.

## HEATING COST REDUCED AFTER MODERNIZATION

**Webster Moderator System Helps  
Phoenix Building, Duluth, To  
Check Heating Faults**

**SERVES SEVEN RETAIL STORES**

Duluth, Minn.—Heating modernization helped the Phoenix Building, in downtown Duluth, to reduce its heating steam consumption from 359 to 206 lbs. of steam per degree day.

Installation of the Webster Moderator System together with new concealed Webster System Radiators was completed during the 1933-34 heating season as an important part of a thoroughgoing program of property modernization.

In a typical month before modernization, the Phoenix Building required 559,800 lbs. of steam. With the Webster Moderator System, after correction for degree day differences, the building saved 194,000 lbs. of steam—a cash reduction of \$172 for a single month.

The heating modernization program is not solely responsible for these savings, but the owners credit the Webster Moderator System with a "very considerable portion of the reduction." Other factors include the lowering and insulation of ceilings on the second floor, and a slight reduction in floor area.

In addition to the remarkable fuel savings, heating service is greatly improved. The new system is able to meet every heating need of a variety of tenants, by careful control of steam circulation.



Regardless of the severity of the weather, the entire building heats evenly and rapidly. The warm-up period has been considerably shortened.

"The Webster System has given us everything that we expected of it and more too," says H. L. George, representing the Massachusetts Real Estate Co., owners of the building. "There is absolutely no comparison in tenant satisfaction."

If you are interested in (1) improved heating service and (2) lower heating cost in your building, address

WARREN WEBSTER & CO., Camden, N. J.  
Pioneers of the Vacuum System of Steam Heating  
Branches in 60 principal U. S. Cities—Established 1888

See the Webster Exhibit at the  
Heating and Ventilating Exposition,  
Chicago, January 27 to 31, 1936

many industrialists, in order to curb chiselers, want some kind of NRA, even though in public they say they don't.

"They're just maintaining a united front—in public—on the general issue of regimentation," said one official. "But on the particular issue of suppressing chiselers in their own business, they privately want government help."

Other observers, however, say that most industrialists who are anxious to combat chiselers prefer to do it through a Federal Trade Commission code—in other words, through a cooperative agreement, rather than by governmental clubbing.

## Flagging Meehan

**He's first N. Y. exchange operator waved to curb by SEC, which asks whether he passed red lights on Bellanca airway.**

MICHAEL J. MEEHAN, who achieved a number of distinctions in the days before the stock market went on a detour, has added to his trophies. Known as the "busiest man on the Stock Exchange" and the "world's greatest bull on Radio" in 1929, the russet-haired broker last week won the further title of first New York Stock Exchange member to be called on the carpet by the SEC for alleged market manipulation.

Though it did not make direct manipulation charges, SEC did say it had "reason to believe" that Meehan, alone or with others, is in trouble with two separate sections of the Securities Act of 1934, one dealing with maintenance of a falsely active market, the other with wash or matched sales.

And so, under section 19-a of the Act, the commission would like to see Mr. Meehan on Nov. 12, 1935, to decide whether investors need the protection of his suspension or expulsion from the New York Curb Exchange, New York Stock Exchange, and Chicago Board of Trade, or any one of them.

### Trouble on the Curb

The trouble is in connection with Bellanca Aircraft Corp., whose stock is listed on the Curb. SEC believes the market in it has been manipulated to attract buyers; also that the corporation has made some mistakes in its registration statement; and therefore SEC held up the registration after Bellanca enjoyed one brief market session under official approval.

Long before the Meehan charges were announced, Wall Street had suspected that someone would be called in for a hearing by SEC, which had taken a sudden interest in the market movement of several Stock Exchange and Curb stocks. Expert ticker-watchers were shipped from Washington to New



*International News Service*  
**SEC'S PROBLEM**—Michael J. Meehan, whose name thrilled board room traders in 1929 when he was a big bull on Radio Corporation stock, now finds himself called to account by SEC.

York to study the tape, and investigators were popping in and out of financial doorways.

Rumors got so thick recently that the commission went to the trouble of laying one of them in the dust. It announced that a market advance in Chrysler had not, contrary to rumor, caused SEC to ask stock exchange houses to reduce their positions.

### First Move in Denver

Only once before has SEC aimed a blast at market manipulation, and that one was relatively unimportant. Two Denver brokers were recently asked to refute the charge that stock of the Hidalgo Gold Mining Co. had been given a false appearance of activity on the Denver Stock Exchange.

The Meehan investigation is the first big one. Meehan, head of a stock exchange firm of his own name, promptly declared emphatically that he could prove he had not broken any security law. He added that he would fight the charges to the end, and financial districts were afraid that he meant he would challenge SEC's constitutionality.

Stock market people, as a whole, do not want a constitutionality battle. SEC has been pretty decent to them and they would prefer to get along with the commission, rather than get tangled up in an interminable fight.

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## Invisible Mark

**Laundry will see it but customer won't; it's exhibited at show; so is explosion-proof cleaning system.**

A RECORD-BREAKING crowd of visitors at the annual laundry show in Atlantic City last week were surprised to find a record-breaking number of exhibitors—and vice versa.

Most revolutionary of the new gadgets and new processes exhibited was a complete system, sponsored by National Marking Machine Co., for producing an invisible, indelible laundry mark. It's done with a marking machine and a new, clear ink, visible only under specially filtered G-E mercury vapor lights. Then the bold typemarks appear white, the fabric background, purple.

This new system not only has a merchandising appeal for customers, who will appreciate the invisible feature, but strongly impresses laundryowners. It makes possible use of a larger, more legible mark; sorters will not be obliged to hunt for marks in most inconspicuous places. Further, it eliminates the hazard of over-marking and the danger of accidentally spotting garments with black ink.

### Proof Against Explosion

U. S. Hoffman Co. gave the laundryowners a look at the first explosion-proof dry-cleaning system to use a petroleum solvent. It was in full operation without any precautions against smokers or electrical machinery sparks. Instead of using gasoline or cleaners' naphtha, which vaporize (and flash) at or near room temperatures, this new plant, selling for about \$4,500, uses a solvent vaporizing at 140 degrees. The cost of the solvent is about one-fourth that of chlorinated fluids. While the system, known as 140 F, has been approved by National Underwriters' Laboratories, there is still some question as to how it will be classified by the various state insurance rating bureaus.

Most provocative feature of the show was an unscheduled debate between proponents of the budget bundle (*BW*—Jul 13 '35) and a group of Eastern laundryowners headed by Henry Siemenski, Brunswick Laundry, Jersey City, who urged an investigation of the activities of laundry machinery manufacturers who are suggesting selling prices for laundry services. This attack was directed at both American Laundry Machinery Co.'s damp wash campaigns (16 lb. for 49c) and The Prosperity Co.'s finished budget bundle (20 lb. for \$2.00).

John Campbell, Boston laundryowner and originator of the 20-for-\$2 bundle, defended the idea from the platform, made many friends for it. Progressive laundryowners of the younger order believe the budget bundle is here to stay.



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**Your ownership of a motor car brings you many benefits. But it also may put you under grave responsibility to other motorists, to pedestrians, to property owners. • For at any moment there is risk that your car may injure somebody . . . that it will damage someone's property . . . and you may be adjudged responsible. • Every year thousands suffer heavy financial loss—sometimes everything they own—because they failed to protect themselves adequately against this risk. • Automobile policies issued by Standard Accident Insurance Company will safeguard your interests. 6500 representatives throughout America provide nation-wide protection and service.**

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**STANDARD  
ACCIDENT INSURANCE COMPANY  
of Detroit**

# Coast Power Rivalry

**Beyond its immediate effects, Pacific Gas & Electric rate cut has bearing on battle of San Francisco, Los Angeles, Seattle, and Portland for industrial plants.**

RATE reductions averaging nearly 11% for industrial, commercial, and domestic users were announced by Pacific Gas & Electric (northern and central California) this week as an answer to New Deal schemes for "low cost electricity" development.

Effective with January bills, the lower rates apply to 46 counties and benefit 690,000 consumers by \$4 millions a year. Industrial and commercial users get about half of total reductions, the other half going to domestic ones.

## Credited to Economics

Paul Downing, general manager of P.G.&E., credits the reduction to substantial reductions in bond interest charges, consolidation of properties, economies in operating expenses, increased consumption from a temporary "inducement rate" (lower charges for greater use) put in force last December. At the time that rate was made, company promised a permanent reduction if consumers took up its offer.

This is the third reduction in electric rate made by P.G.&E. in the last 8 years. Accumulative total of savings to users in that period (and through 1936) will reach \$54 millions.

Rate reduction at this time was decidedly smart from the angle of its effect on San Francisco's plans for munici-

pal distribution of Hetch Hetchy power forced on it last August, after Secretary Ickes ruled that the agency agreement under which power is now sold by the City to P.G.&E. for \$2 millions a year is in violation of the Raker Act. Ickes demanded that the city distribute power instead of selling it to the company. Paul J. Ost, chief Hetch Hetchy engineer, had prepared for submission to the State Railroad Commission this week 5 alternate plans for distribution by city. All these plans, it is understood, were based on service equal to P.G.&E. and at a cut of 10% under current rates. They must now be scrapped and new ones prepared at rates still lower than new P.G.&E. schedule.

The rate cut is seen also as a move in the rising competition for industries among the 4 principal cities of the Pacific Coast — competition in which electric power will be a vital factor.

In this battle, which far-sighted industrialists see as already under way, Portland, Seattle and Los Angeles, with large power surpluses due to 3 giant federal power projects (Boulder Dam on the Colorado, Bonneville and Grand Coulee on the Columbia, capable of producing ultimately 14.5 billion kw-hr.), will enjoy an advantage over the San Fran-

cisco region which is equipped with adequate, but not overflowing, supplies.

The 4 cities, as centers in regions they dominate, will line up about as follows:

Seattle (Puget Sound region) with harbor facilities, timber resources, and proximity to Alaska and the Orient, is served by 3 utilities—Puget Sound Power & Light, Seattle Lighting Department, Tacoma Utilities Department—with available generating facilities of 598,000 kw. and annual output capability of 2,360 million kw-hr. Present use is about 1,281 million kw-hr. and return to peak load conditions (1930) would show a net use of 1,580 million, leaving surplus of 776 million. With available resources, the region is well armed and sees little likelihood of either a power shortage or importation from Grand Coulee and Bonneville, both of which are within economical transmission distance.

## On the Columbia

Portland (lower Columbia River region) has resources similar to Puget Sound, including deep-water transportation. Principal operating utilities on which the region will depend (Portland General Electric, Northwestern Electric, Pacific Power & Light) offer power resources of 310,000 kw., available output of 1,305 million kw-hr. a year. Present use, 923 million kw-hr. as compared with peak use of 1,080 million, leaves a surplus above the maximum use of 216 million. Bonneville will add 2,720 million kw-hr. of what the industry knows as "firm" power (meaning steady, reliable, continuous) and 1,480 million of secondary power to the resources of this area.

San Francisco (Northern and Central California) with its variety of resources, industrial, mineral, agricultural, as well as deep-water transportation as far inland as Stockton, is served by 2 major utilities (Pacific Gas & Electric and its subsidiary, San Joaquin Light & Power). Output capability is 5,600 million kw-hr. compared with present use of 4,600 million and demand on the basis of maximum load conditions (1930) of 4,800 million. There is an immediate minimum surplus of 1,000 million kw-hr.

## Los Angeles Network

The Los Angeles area is equipped with a network of power lines extending from the Sierra Nevada to the Mexican border, shortly to be supplemented by the first of a series of lines from Boulder Dam. The major utilities (Southern California Edison, Los Angeles Bureau of Power & Light, Los Angeles Gas & Electric, Southern Sierras Power, San Diego Consolidated Gas & Electric, and municipalities of Pasadena, Glendale, Burbank) have developed resources (excluding Boulder Dam) with an output capacity of 4,600



Wide World  
**ANOTHER GIANNINI BANK**—A. P. Giannini (on right) who backed the Administration's fight for centralized banking last session, made the dedication of a new \$200,000 Santa Barbara branch of his fast-growing California bank system another opportunity for commendation of President Roosevelt. He congratulated the President on the neutrality proclamation that hit his native Italy. With him are other Bank of America officials.

# YOUR LARGEST POWER COSTS are in your MANUFACTURING OPERATIONS



(Illustration by G. B. Hart)

A PRECISION metal working plant, for example, in modernizing a 16 automatic-screw-machine department found that direct motor drive cost \$6,576 to install, whereas Modern Group Drive cost only \$2,688. The saving of \$3,888 in installation alone cut the fixed charge cost of delivering power to the machines \$583 per year. Modern Group Drive was adopted and this real reduction in power costs has become a new net profit.

Between the meter and the machine avoidable items of production cost are frequently found sufficient to spell all the difference between profit and loss in production. Plainly visible power losses are often the

least of these pitfalls. Unless the power transmission system is exactly adapted to your production needs, your manufacturing costs are too high.

Do you know whether you are applying power to your machines most economically?

3500 Power Transmission Counselors, organized and trained to analyze power wastes and suggest methods of reducing production costs, are at your service, without obligation. Daily, through 60 Power Transmission Clubs in industrial centers, they are cooperating in this work with plant engineers, public utility engineers and consulting engineers. Call them in!

First, however, send for a free copy of the famous Red Book, "A Practical Analysis of Some Fundamental Principles of Industrial Power Transmission." It explains the economic advantages of Modern Group Drive, a product of cooperative industrial research, and gives graphic comparisons with other means of applying power to machines.

## POWER TRANSMISSION COUNCIL

1 ATLANTIC STREET, STAMFORD, CONN.

*A research association  
of producers and dis-  
tributors of power, pow-  
er units and mechanical  
equipment for the  
transmission of power*



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A POWER DOLLAR SAVED IS A PROFIT DOLLAR EARNED

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# Holding your own as a business executive—



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easier  
by these books

**T**here is nothing sadder than the cases of star performers in production, in sales, accounting, or other departments of business practice, who fail to take hold when faced with executive duties and opportunities. The problems of analyzing, deciding, planning, and administering involve broad fundamentals that, consciously or otherwise, the successful executive uses every day. And to provide a comprehensive, adequate treatment of these principles, is the purpose of this library.

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These books give you the seven fundamental principles upon which executive success depends: 1. Know yourself and how to lead others. 2. Know your own business and business generally. 3. Know how to organize and manage your own department or an entire organization. 4. Know how to budget and forecast and plan for the future. 5. Know finances and how to make full use of your bank. 6. Know how to talk convincingly—how to sell your ideas and influence others. 7. Know how to think—how to analyze problems and arrive at correct solutions. Step by step this Library takes up these basic principles and shows how they may be mastered and applied.

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In these books you will find clear statements on the fundamentals of business organization—good management, without friction, lost motion or inefficiency—selection and training of men—economics in business—curtailing overhead without loss of efficiency—maintaining self-confidence—raising organization morale, and a host of other subjects that are vital to you today.

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million kw.-hr. Present use is 4,150 annually, and peak use (1950) was 4,300 million.

### Effect of Boulder Dam

Boulder Dam, of course, changes the entire aspect of the region. Complete use of its power output will not be possible until 1950, according to present estimates of load growth. Meanwhile the 1 million kw. of installed capacity in the power house scheduled for completion of ultimate capacity in 1940 will be capable of producing an amount which, added to present generating capabilities, indicates that the surplus over and above load requirements for the next 15 years will be some 1,600 million kw.-hr. as a maximum in 1941. The fact that the entire output of Boulder Dam already has been contracted for with various utilities, will tend to force disposal of excess power in this territory and is expected to pave the way for favorable commitments to new industries establishing plants there.

At the moment there is a buyers' market for electric power on the Coast as a whole, due to a surplus rising from the fact that the utilities planned their capacity to meet future requirements on the basis of an anticipated growth which depression years failed to produce.

In the developing struggle for industrial pre-eminence among the 4 major areas, the availability of low-priced power is going to be of major significance.

### Snarled Relief

**Washington job-makers fail to make another "deadline" but they are more worried about the one that Congress draws.**

WORK relief officials now are straining every nerve to get the unwieldy job program in full swing before Congress comes back to town. WPA's greatest troubles have been caused by the propensity of Harry Hopkins to fix a goal, then fall short. It was Administrator Hopkins who blithely promised employment by Nov. 1 for 3,500,000 persons on relief rolls. The day passes with only 1,421,470 employed, according to the latest available report, and only Alabama, Indiana, New York, and Wyoming as far as half-way to their quotas. Mr. Hopkins isn't worried; as he says, direct relief is cheaper. However, he now predicts that the "big bulge" will come between now and Nov. 12, that certainly the end of November will see those 3,500,000 men at work at last and all federal contributions to the states for direct relief terminated once for all.

Mr. Hopkins doesn't believe that the federal government will go back into the direct relief business next year. Con-

# Where the Money Goes

## Presidential Allotments for the Works Program (As of October 16, 1935)

Agency	Total Allotments	Allotted for Works Projects	Administrative Allotments	Allotted for Other Purposes*
<b>TOTAL APPROPRIATION</b>				
Emergency Relief Act, 1935	\$4,880,000,000			
<b>Deductions Prior to Passage of Act:</b>				
FERA	292,000,000			
Farm Credit Administration	60,000,000			
All Others	9,590,000			
Total Deductions	361,590,000			
Less: Charges to Other Appropriations	45,000,000			
	316,590,000			
<b>FOR PRESIDENTIAL ALLOTMENTS</b>	<b>\$4,563,410,000</b>			
FERA (Direct Relief)	\$817,000,000		\$5,000,000	\$812,000,000
Federal Employees Compensation Commission	28,000,000			28,000,000
Revolving Fund for Purchase of Materials and Supplies	3,000,000			3,000,000
Advisory Committee on Allotments	25,000		25,000	
Department of Agriculture:				
Public Roads	500,000,000	\$391,000,000	9,000,000	100,000,000
Other Bureaus	73,969,423	53,431,923	8,537,500	12,000,000
Civil Service Commission	325,000		325,000	
Department of Commerce	10,350,944	10,150,944	200,000	
Emergency Conservation Work (CCC)	523,479,450	1522,084,000	690,450	705,000
General Accounting Office	6,000,000		6,000,000	
Department of Interior:				
Puerto Rico Reconstruction Administration	37,112,920	35,887,920	1,225,000	
Reclamation Service	81,150,000	79,650,000	1,500,000	
Other Bureaus	701,000	701,000		
Department of Justice	500,000		500,000	
Department of Labor	9,334,605	1,079,995	8,254,610	
Library of Congress	211,500	211,500		
National Emergency Council	1,150,000		1,150,000	
National Resources Committee	1,000,000		1,000,000	
Navy Department:				
Bureau of Yards & Docks	17,579,625	17,370,470	209,155	
Prison Industries Reorganization Administration	100,000		100,000	
Public Works Administration:				
Housing	42,949,250	42,949,250		
Non-federal Projects	138,969,703	138,969,703		
Resettlement Administration	167,150,000	38,000,000	12,650,000	116,500,000
Rural Electrification Administration	6,674,767	6,224,767	450,000	
Treasury Department	28,270,705	15,570,705	12,700,000	
Veterans Administration	1,269,120	1,234,120	35,000	
War Department:				
Corps of Engineers	145,716,169	144,716,169	1,000,000	
Quartermaster Corps	15,079,147	14,947,766	131,381	
General	144,438		144,438	
Works Progress Administration:				
National Youth Administration	27,056,268	27,056,268		
State Work Programs	1,012,358,381	987,858,381	24,500,000	
<b>TOTAL ALLOTTED (through Oct. 16)</b>	<b>\$3,696,627,415</b>	<b>\$2,529,094,881</b>	<b>\$95,327,534</b>	<b>\$1,072,205,000</b>
<b>REMAINING FOR ALLOTMENT</b>	<b>\$866,782,585</b>			

\* Includes allotments for direct relief, rural rehabilitation and relief, land purchase, revolving fund for purchase of materials and supplies, employee compensation fund, and statutory allotment for public roads in fiscal year ended June 30, 1935.

† Includes \$102,084,000 allotted in fiscal year ended June 30, 1935.

gress will return Jan. 3, however, to pass judgment on the present works program and consider next year's course. The WPA Administrator's failures to make good on his "deadline" dates are likely to affect its consideration unfavorably for him.

Works program allotments through Oct. 16 totaled \$3,696,627,415, leaving a balance of \$866,782,582 at President Roosevelt's disposal out of a total of \$4,563,410,000 that was subject to his control under the \$4,880,000,000 appropriation by Congress last April. The table on page 33 tells the whole story as it has not been told before.

In many states, the WPA allotments are running over quotas originally estab-

lished for such work, but in no case have total allotments, which include PWA and federal projects as well as WPA, yet reached the share of the \$4 billions to which a state is entitled on the basis of the number of employables on its relief rolls.

Purchases of materials and supplies for the works program will soon begin to swell. The first fragmentary total of \$10,700,000 is not significant as WPA projects on which work has started are small in volume. The projects of federal departments and agencies likewise have lagged, mostly because of the bottleneck in the General Accounting Office, and no PWA projects are yet under way.

taxes would mean a scramble for a half billion dollars or more of new annual revenue from some unknown source.

There was significance also in the President's suggestion that the AAA contract of the future will be an all-farm contract rather than a single-crop one. A good bit of AAA's troubles with minor crops has come from the use made of enforcedly idle land. When the farmer is allowed to plant sideline crops on his contractual idle land—peanuts and potatoes and perhaps, in the future, soy beans—these sidelines make further problems.

#### One Farm, One Contract

To avoid this, the course evidently determined upon now is to place the entire individual farm under contract and allow nothing but soil conservation or anti-erosion processes to take place upon the sections withdrawn from production. This looks suspiciously like abandonment of export markets and restriction of agriculture to a purely domestic market. Railroads will take due notice.

No sooner had the big guns popped with the President's speech and the corn-hog vote, than a rattle of lesser artillery was heard from Washington. The Liberty League denounced the AAA. The Brookings Institution, having slapped a number of AAA phases heretofore wheeled abruptly and suggested that the marketing agreements were not so bad after all and were entitled to a little further experimentation so they might prove definitely whether they had any right to existence or not.

AAA is in the headlines again. Last week corn and hog raisers, as other farm groups have previously done, clamored to renew their AAA contracts. Their vote came within 24 hours after President Roosevelt had practically laid a plank in the 1936 platform by announcing that the emergency farm legislation was to be made permanent.

By next election time more than a round billion of federal money will have passed across the aggregate farm palm in benefit payments. There can be little doubt by this time that AAA money is perfectly acceptable to the farm population. While it is also true that consumers are getting more and more wrathful about rising living costs, yet there is no massive body of AAA opposition, and political opponents have notably pulled their punches on the subject.

#### Importance of the Vote

The corn-hog vote was important. It justified the coincidence of a Presidential speech on its eve, giving farmers official word that they would be allowed to expand their hog production this year, a procedure they were going to follow anyway, so long as hog prices were up around \$10 per cwt. and corn was getting cheaper.

The statement predicting a permanent AAA was designed to catch the great number of farmers who like and want the AAA, and at the same time it salved the consumer. The aim, the President said, would be to protect the farmers' income by crop curtailment when necessary, and with equal solicitude to protect the consumer by crop expansion when that became necessary.

But more than salving and soothing,



A VOTE FOR MORE MONEY—J. I. Herold, Iowa farmer, casts one of the first ballots in the AAA referendum on whether hogs and corn should continue under federal control by adjustment contract and whether the government should continue cash benefits to producers. Farmers voted "Yes," by 6-to-1.

## Cotton Smiles Again

Reduced government loan-price, war demand, and other factors quickly restore export market.

THANKS mainly to the reduction in the government cotton loan level from 12c to 10c, American cotton is back in the world markets as a free agent, exports are booming, domestic consumption is being sympathetically inspired to higher rates, and ship space from the Gulf ports is sold out for some time ahead.

Less than a month ago the picture was not nearly so bright, and in mid-summer there was actual gloom in the air. The difference is that cotton has been getting the breaks.

First, AAA forced the loan-price down, over the screams of cotton senators in the closing minutes of Congress, thereby opening the way for free movement of the new crop in competition with the rest of the world.

### War Stimulates Sales

Next was the stimulus of the African war. Italy is still getting sizable quantities of cotton in world markets, Japan is also a big buyer of the new crop, and between these two and a recent reduction in ocean tonnage in service, plus a sharp increase in ocean insurance rates, the export demand has been large enough to fill up regular sailing space as well as available tramps.

Besides, some foreign competition has developed as keenly as was expected. Brazil's crop proved disappointing, and sanguine exporters oversold their market. On a smaller scale, the same thing is happening in this country. The crop has been going backward in recent weeks and Texas cotton, usually the first to get aboard for foreign travel, is late as the movement nears its normal peak.

Moreover, quality is lower than was expected, and exporters who had booked a good deal of business have found the available quantity of good grades more limited than they thought.

### Domestic Mills Buy Much

Meanwhile domestic mills, with the market open again, but only in new crop cotton, have been active in competition with exporters for the better qualities. The government still holds back the 5 million bales of old cotton with which it got hooked on the old 12c loan.

As late as September, the price of spot American middling cotton at Liverpool was more than 2 points below the 10-year average ratio with Indian fine cotton, generally considered a good index of world price relationships. Now cotton is selling at 5 points above the usual relationships; thus American cotton is cheap enough to be favored.

As a result of these fortunate developments, our exports for the season are ahead of last year, whereas three weeks ago they were definitely behind.



## Would the Founder Himself Prefer This Train?

IMAGINE George Washington, as returned to his country seat at Mount Vernon. How would he travel?

We believe the Founder would want to share with other world-famous, seasoned travelers the luxury of genuine air-conditioning; might send back his compliments now and again to the chef of the Tavern Car; would

marvel at how completely his instructions had been carried out . . . to "smooth the road and make easy the way."

In short, no man would enjoy more than the Founder, himself, the train on which he could *Sleep Like a Kitten*, and arrive *Fresh as a Daisy*.

Yes, we think the Founder would take The George Washington.

*The ticket agent of any railroad can route you on*  
**THE GEORGE WASHINGTON • THE SPORTSMAN • THE F. F. V.**  
*The finest fleet of genuinely air-conditioned trains in the world*



*George Washington's Railroad*  
**C H E S A P E A K E and O H I O**  
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Original Predecessor Company Founded 1785 by George Washington in 1785  
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Form your products from Acme Silcrome Stainless and they keep their first-born gleaming beauty through all of a hard, useful life.

All Acme Superstrip—hot or cold rolled—of any finish—helps you to make better products at lower cost. The reason is that Acme Superstrip is made, each time, to fit your particular product and production needs. Faster, smoother production—minimum waste and rejections—better products—result.

For automotive and electrical products, and countless others, Acme Superstrip is winning more widespread acceptance every day.

Send for the new pamphlet on Acme Silcrome HB Stainless. ACME STEEL COMPANY, General Offices: Chicago. Branches and Sales Offices in Principal Cities.

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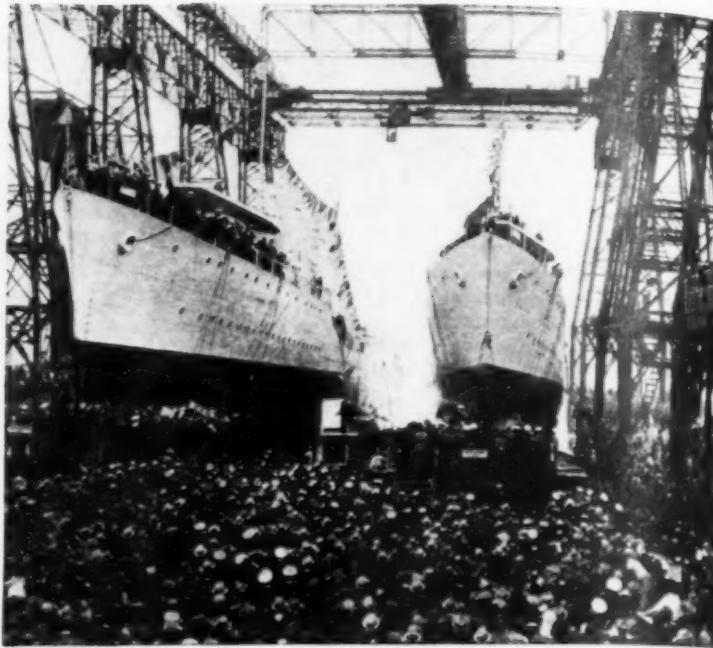
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GOING DOWN THE WAYS—Cheered by 30,000 throats, the destroyer *Shaw* (right) was launched at the Philadelphia Navy Yard on Navy Day, while the *Cassin* awaited its turn. Both destroyers are of 1,500 tons. In many other yards, both public and private, ships are being built for America's next war.

## Every Day Is Navy Day

New warships launched this week are part of huge building program, employing 44,000 men, as United States and other Powers engage in naval race.

HENRY L. ROOSEVELT stood in the Philadelphia Navy Yard on Navy Day. He was doing what high officials of other countries have lately been doing in naval yards on patriotic days. He was making a speech and getting warships built.

Mr. Roosevelt is Assistant Secretary of the Navy and a distant cousin of Franklin D. and the late Theodore Roosevelt, both of whom were Assistant Secretaries of the Navy before becoming President. Theodore Roosevelt's birthday is celebrated as Navy Day.

While 30,000 spectators cheered, the Assistant Secretary watched two 1,500-ton destroyers, the *Shaw* and the *Cassin*, slide into the Delaware River. Then he drove the first rivet in the keel of the 10,000-ton cruiser *Wichita*. And in a speech he said the Philadelphia yard "is probably the busiest shipbuilding plant in the United States," its working force having doubled in the past 4 years, so that it now employs more than 7,000 men.

Meanwhile, at the Boston Navy Yard, Rear Admiral Walter Gherardi, commanding, drove the first rivets of two destroyers, the *Abbott* and the *Mugford*.

And 100,000 visitors to the Washington Navy Yard witnessed seaplane maneuvers and other naval exhibitions. And in other navy yards and in several ports, mainly in California, scores of thousands of civilians were allowed to inspect warships.

### Navy Woos the People

It was all a part of the Navy's effort to foster public support for the great navy-building effort now under way, largely financed with relief cash. President Roosevelt, who takes a personal pride in the Navy, sent a message to Secretary Swanson, declaring that "in the unsettled conditions existing throughout the world, it is imperative that we should heed the needs of national defense," strengthening the Navy "to a degree commensurate with American needs, interests, and responsibilities."

The naval conference, beginning in London Dec. 2, is expected to come to nothing, or next to nothing. There will be practically unlimited construction after Dec. 31, 1936, when the Washington and London naval treaties expire.

Our present naval construction program, extending from 1933 to 1938, in-

volves fighting tance of deficiency and sub-

Now 18 private yards. A is providing S

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vales \$676,918,220 and will bring fighting flotillas to within shooting distance of treaty strength, with remaining deficiencies principally in the destroyer and submarine classes.

Now being built are 87 ships—33 in 8 privately-owned yards, 54 in 8 navy yards. Additional volume for the latter is provided by 11 Coast Guard cutters costing \$17½ millions.

#### An Equal Division

Since Congress passed the Vinson Act, approved Mar. 27, 1934, the Navy has divided its awards equally between public and private yards.

Because it takes from 2 to 3½ years to build a ship, and the number of ways is limited, employment provided by the present program spreads from the middle of 1933, when NIRA money became available, to the end of 1938, when the last ship is scheduled for completion.

Present employment on naval and Coast Guard vessels under construction totals 44,479 men, of whom 19,099 work for private employers and 25,380 for the government. This figure is very close to the peak.

## Red Ink on Black Spot

Though denouncing Jersey sales-tax repeal, governor signs it, and sales instantly increase. Now how shall relief be financed?

GOV. HAROLD G. HOFFMAN signed his name in red ink, as a token that the thing he was signing would unbalance the budget. "The action of today," he asserted, "will become a black spot upon New Jersey."

The action was the repeal of the sales tax. Of the 24 sales-tax states, New Jersey is the first to reverse itself, because its area is so small that a very large number of residents can easily buy in New York City on the east, or in Philadelphia or Easton, Pa., on the west.

So the New Jersey merchants fought the tax hotly, and in the September primary elections the repeal candidates were mainly victorious. Governor Hoffman backed down, calling a special legislative session for last week. In a single day the tax was repealed.

Immediately sales of stores, automobile agencies, and other firms increased by from 15% to 100% or more, benefiting by the accumulated demand of customers who had been delaying purchases till after repeal.

Various state funds will be used for relief till January, when the legislature will meet. Governor Hoffman has insisted that the sales tax was necessary for relief; but the Rev. Lester H. Clee, Speaker of the House, and, like the governor, a Republican, declares economy is the answer.

## New Products

New things, new ideas, new designs, new packages, new manufacturing and marketing methods.

THE "Invisible Bar-ette" is offered by the Electric Invisible Kitchen Co. for homes, clubs, hotels, etc., as a complete portable bar. It has a self-contained electric refrigeration cabinet, electric lights, extra convenience outlets, removable serving table, is made of steel and comes completely equipped with all requisites including glassware.

MELATONE sound screens are advertised by the Beckly Perforating Co. for motion picture theaters. They are aluminum, have small louvre perforations which permit passage of the sound from the producing apparatus to the audience without reducing the picture-receiving area of the screen surface.

BRISTOL CO. now offers a wide-strip pyrometer, which operates on the potentiometer principle, is housed in a moisture-, fume- and dust-proof case, has a stainless steel lead screw driven by an induction-type motor, has no friction clutches or ratchets and is advertised as highly accurate.

LEWIS AIR CONDITIONERS, INC., advertises a standardized combustion chamber for use in oil burner installations. It is made of vermiculite refractory, highly heat-resisting and sound-absorbing, has interlocking joints to facilitate installation, can be built up in various shapes to suit individual requirements, is conveniently packaged in cartons complete with special cement for installation.

ESOLEUM cartridge lubrication is offered by Standard Oil Co. of N. J. and subsidiaries for small service stations that are not elaborately equipped. It comes in a complete portable kit, includes a special type high-pressure grease gun. Lubricants are supplied only in branded, non-refillable cartridges, assuring the motorists that no cheap greases will be substituted and eliminating wastage.

GENERAL ELECTRIC CO. advertises an electric soil heating kit for market gardeners and commercial florists, which plugs into any convenience outlet, is portable, and will automatically maintain desired temperatures by thermostatic control.

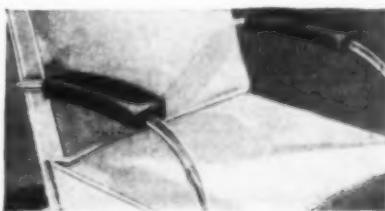
SILENTAIRE is announced by the Truscon Steel Co. for insertion in any window, to filter dust, dirt, and pollen through easily replaced spun-glass filters. It is designed also to muffle incoming noises and is operated by a small electric motor.

Have you ever thought about  
**DOORKNOBS?**



Metal knobs tarnish. They also give you a sudden shock when you touch them after walking across a rug. (In many offices you see rubber caps placed over the metal doorknobs to protect the employees!) Glass and ceramic door-knobs break.

The advantages of doorknobs molded of Durez are that they will never tarnish...their smooth, glossy finish won't chip, crack, dull or show signs of wear. They are self-insulating...eliminating the shock nuisance completely. The special double-strength Durez is practically unbreakable. A variety of colors—to blend with modern interiors—are available. The finished doorknob is produced in one operation.



**ARMS:** Have you noticed the increasing use of molded Durez arm rests on tubular metal chairs? Durez is the ideal material for the job. Its beautiful finish will last the life of the chair. It will never dull, scuff, scratch or chip. It is pleasant to the touch. It can be washed and kept perfectly sanitary without damaging the finish. And, of great importance to the manufacturer, the finished chair arm is produced in one operation. It comes right out of the mold ready to attach to the chair...a saving in production operations.

Doorknobs and chair arms are only two of the many new and profitable uses for Durez. No matter what you make, you should be familiar with this versatile material. Write, (telling us what you make) for booklet "20 Applications." General Plastics, Inc., 286 Walck Road, North Tonawanda, N. Y.

**DUREZ** is a hot-molded synthetic plastic...strong, non-metallic, non-brittle. Steel dies form it and finish it simultaneously, and the finish can't chip, peel, dent, rust, or wear off. Heat, water, alcohol and most chemicals can't harm it.

YOU CAN DO IT BETTER WITH  
**DUREZ**  
THE MODERN MOLDING COMPOUND

## Seeing the Future

**Industrial and banking executives shown value of research in tour of the laboratories.**

JUST before the depression clamped down on so many dreams of industry, about 100 industrial and banking executives, in a special train, visited the outstanding research laboratories of the country, to study the practical value of this new profession of scientific pioneering. Last week a similar group of 56 executives made another tour, again under the auspices of the National Research Council. It is another sign of the returning confidence.

On a 5-day journey, these men, allied with leading banks and industrial concerns, visited the research laboratories of the General Electric, Eastman Kodak, B. F. Goodrich, Gulf Refining, and Bell Telephone companies and the Mellon Institute. In Schenectady they saw, among other developments, the progress that is being made in gaseous lamps, direct-current transmission, and lightning protection. In Rochester, they saw pure vitamins distilled and X-ray plates sensitive enough for motion pictures. In Akron, it was the effect of oxygen on rubber tires that starred, and in Pittsburgh the location of hidden oils and the utilization of waste gas. In New York, it was the telephone of the future, a hand set requiring no box on the wall as at present. They saw the sinews of half a dozen new industries, now incubating in these laboratories.

But beyond all that, the tour demonstrated the creative value of research in stimulating industrial development, both in the improvement of products and the discovery of new fields for enter-

prise. As Dr. Frank B. Jewett put it at the dinner at the Waldorf which wound up the tour, research reveals the character of the "unknowns" that beset industrial problems and opens the door to progress.

That was the idea—with the how and why of it—that this group was after. They brought back 4 outstanding considerations:

(1) There is need for some agency that will undertake the practical job of teaching manufacturers how to do research—probably the function of the National Research Council;

(2) Research should be made an important basis for credit, and bankers should require a program of research activity, where they loan money;

(3) Products are becoming so technical that research must be geared to sales because research-minded salesmen will uncover hidden markets;

(4) Eventual integration must be developed between industry and agriculture, so that the millions of acres of farm lands may be intelligently tied into research trends to raise products for industrial consumption and give the farmer a more varied and stable market.

## Television Advance

**New tube, replacing 4 now used, helps noise elimination.**

TELEVISION has moved up closer by a long step, with the announcement that Dr. V. K. Zworykin, director of the Electronic Research Laboratory of the R.C.A. Victor Co., in Camden, has developed a "secondary emission multiplier." In plain talk, it is a new type

of electronic tube that promises to replace 4 tubes of the present type and much accessory equipment, with 1/100th the amount of noise now encountered. This means direct improvement in television pictures or radio tone qualities.

It seems that an electron, given sufficient speed and allowed to strike a target, will knock out 8 or 10 new electrons. These secondary electrons, hitting another target, will each knock out 8 or 10 more. So with 2 targets, 1 electron becomes, say, 64. In former tubes "secondary emission" has just been a pain in the ear and engineering skill has been directed to getting rid of it.

Then Dr. Zworykin decided to harness up these pestiferous electronic fleas, by setting up plenty of targets and using all the extra electrons that come bouncing off them. He has succeeded and produced high amplification with low noise in a tube of great simplicity. Present tubes can give equivalent amplification but with so much noise that the full capacity cannot be used.

The Zworykin tube is still in the laboratory stage, but it solves problems that definitely advance the progress of commercial television and indicates a radical change in an industry that now annually sells 50 million electron tubes for varied use. Though the laboratory units use a glass bulb, the new metal shell construction can be adopted.

## British Election

**Baldwin government will ask people to confine vote to question of rearming, but recovery record is in the picture.**

ON Nov. 14—only 2 weeks away—the British are going to have a general election. The government of Stanley Baldwin—which is a Conservative government in spite of the fact that every major party is represented, giving it the right to be called a "coalition"—is asking the public for a vote of confidence on a new program—a vast scheme to modernize and extend armaments.

The campaign got under way only this week when Parliament finished the short session which opened less than 10 days ago, but Stanley Baldwin himself sounded the keynote in a speech a few weeks ago:

"I do not like the doubts and questionings which have reached me from the world at large as to our ability to fulfill our obligations. So long as those doubts exist, our word will not carry that weight in the world which the word of Britain always has carried."

The British realize that world disarmament is a dead issue. Most of them blame this on "the dictators,"



**U. P. in L. A.**—Union Pacific System officials get together in Los Angeles on a 2-day inspection of company properties led by President C. R. Gray (seated behind the pile of papers), W. A. Harriman, chairman of the board, at his right, and F. W. Charske, chairman of the executive committee, at his left.

*Wide World*



*Save*

13½ TO 25% ON FUEL

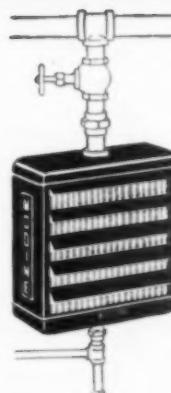
## WITH MODINE UNIT HEATERS

• Will you actually save any money by modernizing your old heating plant with Modine Unit Heaters?

Replacing your old radiator or pipe coil heating with Modines will save from 13½ to 25 per cent on fuel costs alone. All those heavy maintenance and repair bills that the old system is piling up every year, will be saved, too. These combined savings, on fuel and maintenance, will in a few years pay for the whole cost of modernizing with Modines.

All the while you will be getting Modine's faster heating, even heating, sufficient heating... where you want it and when you want it... things your old plant is not giving you now. And you'll notice increased employee production from improved working conditions.

Write for new free book. It tells why it costs less to install Modines than other unit heaters. **Modine Manufacturing Company, 17th Street, Racine, Wisconsin.**



Among the hundreds who have modernized with Modines are:

Murray Corporation of America, Detroit, Mich.  
Titanium Pigment Co., Inc., New York, New York.  
Prophylactic Brush Company, Florence, Mass.  
American Lead Pencil Co., Hoboken, N. J.  
Lerner Stores, Inc., New York, N. Y.  
Champion Spark Plug Co., (Ceramic Division) Detroit, Mich.  
Chicago Pneumatic Tool Co., Chicago, Ill.  
H. J. Heinz Company, Pittsburgh, Pa.

**MODINE MANUFACTURING COMPANY**  
HEATING, COOLING AND AIR CONDITIONING EQUIPMENT FOR INDUSTRIAL, COMMERCIAL AND DOMESTIC APPLICATION

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METROPOLIS OF MATANUSKA—No longer only a postoffice and a railroad station, Palmer, Alaska, is the main camp and trading post of the FERA's Matanuska Valley Colony. Plans are being rushed to replace the tents with permanent homes, which already have been provided for 850 colonists.

### Opposition Divided

The Tory crowd have other reasons for going to the country just now. Their strongest opponents are Labor, but the Labor party is hopelessly divided now on the very questions Baldwin is backing.

Then there is the record of business recovery which will help the present government in its bid for a return to power. British recovery is much more impressive than American. The London *Economist's* barometer of business activity—comparable in Britain to the *Business Week* index in the United States—is 3% higher now than it was a year ago, and is above the level of booming 1929. British steel production this year will probably surpass 1929 output; monthly output in September was above September, 1929. The British will make almost twice as many automobiles this year as in 1929, with correspondingly huge profits among leading manufacturers. Shipbuilding is still in the dumps, but far ahead of last year and likely to go into a boom when Britain starts modernizing the present fleet and building new ships.

### Building Boom Goes On

Britain's building boom started 4 years ago, and is continuing, largely under the stimulus of private spending. Britain has been slow in using electric power to the limit, probably because of the large coal industry, but its use has increased every year since 1929, is now 12% greater than at this time last year. Only 1.9 millions are unemployed in Britain now, and the number of people at work is greater than in 1929. Retail sales are running about 5% ahead of last year; exports are up about 9%. More than £154 millions have been invested in new security flotations in the first 9 months of this year, which is practically double the 1932 level, and nearly 70% of the amount invested in the same period in 1929.

There are many serious domestic problems in Britain which should be issues in a normal election campaign, but they will be forgotten for the only issue which Britain can think of in the present crisis—rearmament. And only after it has been returned with a majority will the government outline its program clearly.

## Russia Adds Power

### Soviets speed plans for electric power station along Volga larger than Boulder Dam. American firms may supply equipment.

**Moscow (Cable)**—The Soviets are ready to start building their second great electric power project. Its capacity will exceed Boulder Dam, and from all indications in Moscow this week, much of the electrical equipment and perhaps some technical advice will be contracted in the United States.

The new project calls for the construction of a dam across the Volga at the little town of Kamyshin, about 100 miles south of Saratov. The Volga at this point is about 2 miles wide. The power station, on which work is to begin next spring, will have 26 turbines, each of 60,000 kw., with a total annual production of 9 billion kw.-hr.

The Soviets have 2 reasons for pushing this particular project a year ahead of the original schedule. The Volga valley should, normally, be one of the great bread baskets of the Soviet Union. Dry winds blowing from the arid region near the Caspian Sea, however, often ruin the crops and cause famines. By raising the level of the river about 80 feet—as it is planned that the new dam shall do—it will be possible to irrigate regularly more than 10 million acres. This will assure Russia of 5 million tons of grain a year from a region where the supply has been irregular. Besides, power generated will supply some industries already located in the valley and provide adequate current for a vast new industrial area.

Moscow was stirred by the announcement, which was timed to be a part of the anniversary celebration of the open-

ing of the huge Dnieper hydroelectric station 3 years ago. At the time it was completed, this was the largest artificially constructed hydro project in the world. Brusque, stocky Col. Hugh L. Cooper, of New York, supervised the construction, while hordes of Soviet engineers looked on and tried to learn American methods so that they could rush dozens of other hydroelectric developments scattered all over the Soviet Union. Turbines for Dnieperstroy came from the Newport News Shipbuilding & Drydock Co. General Electric supplied most of the generators, as part of a \$26-million contract which was filled over a 5-year period. A whole trainload of G-E engineers went to Russia to supervise installation of the equipment, which filled 130 railroad cars when shipped to the New York dock.

### Likely to Buy Abroad

In spite of the conviction of Russians a few years ago that they would be able to supply their own materials and engineers for all projects following the Dnieperstroy, there is a general belief now that, frightened by the international situation into speeding up their internal development, they will contract abroad for at least a part of the electrical equipment. The Soviets bought more than \$33 millions of goods in the United States in the first 9 months of this year, more than half of it in the 3 summer months. Machine tools were the largest single item. It is expected that purchases will certainly exceed \$50 millions by the end of the year.

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NOVEMBER

# Business Abroad

**Canadian business is pleased by first moves of new Mackenzie King government. Japan pushes plans for economic domination in China, possibly for effective political control over Nanking government. Italy prepares to back down gracefully in East Africa.**

ITALIANS received a shock one day this week when they scanned the morning newspapers. War became a reality even to those who have not flocked down to Naples to see their boys off to the parched battle grounds of East Africa. "All Italians," their Leader declared, "will have 2 meatless days every week to help conserve food supplies." There were other restrictions, and a hint that the country might be reduced to food cards before the Ethiopian affair is settled.

In spite of this new warning that Italy can acquire a larger colonial empire only after considerable self-sacrifice, the country was much less tense than it was 2 weeks ago. Then, with the British fleet ominously collecting in the Mediterranean, and with bitter messages flashing back and forth between Rome and London, Italy was in a real panic expecting war with Great Britain at any moment and prepared to face it, though it knew that it would mean defeat.

## Behind the Scenes

What eased this tension? *Business Week* sought an answer from its European correspondents, including direct word from Rome, and simmers significant developments down to these 5:

(1) Sir Anthony Eden, Britain's young and flashy international negotiator, has been following a more or less personal policy in Geneva. It was a vigorous policy which demanded that Mussolini comply with British demands or face the possibility of war. An important group in London realized that this ignored the domestic political situation in Italy and allowed the Italians no opportunity to back down gracefully. This group preferred to give Mu-

lini time, and hoped, with this less vigorous policy, to avoid war.

(2) The British government is, of course, very much opposed to being the originator of a war, and having it break out at election time, especially since the nation is thoroughly unprepared as far as modern armaments are concerned.

(3) What seems to be the really important reason for not starting trouble now was "the City," London's tremendously important commercial and banking center. Leaders recognized the futility of sanctions without the complete cooperation of the United States. Further, they realized that if the British were to apply sanctions without the support of the United States they were likely to throw away old and profitable markets in Italy without accomplishing anything. Financial sanctions were applied, and bankers issued a statement characteristic of the attitude of all British business toward the entire picture: "We

are exceedingly sorry to be obliged by superior orders to stop all relations with Italy and thus to interrupt very satisfactory business relations which we have been entertaining for a century." No government so eager as the British over its country's business interests, and on the eve of a general election, can ignore this attitude.

(4) There is no doubt that the favorable French reply to Great Britain's request that French ports be opened to the British fleet in case they were attacked in the Mediterranean played a big part in soothing and relaxing the British tension.

(5) Finally, there was the fear that Communism might break loose in Italy as a result of the strain of a major war.

What is to happen now? There is no doubt that Italy, after this week of panic, is much more prepared to yield and negotiate. But, for a matter of prestige it cannot easily relinquish the territories it has occupied up to now. Italy must work out its own scheme. Evidently it is going to take time. But Mussolini is slowly backing down with as little loss of dignity—at home at least—as he can manage.

## Shipping Rate War

A commercial war broke out in North Atlantic shipping this week when members of the freight conference protested special rebates offered by 2 German lines and threatened to leave the conference and start a rate war unless the practice was stopped.

Among the 13 member lines in the conference are Belgian, Dutch, British, German, and American. Two of the German lines—Red Star and Arnold Bernstein—are operated by a German Jew, Arnold Bernstein, do not even touch German ports. Antwerp is their Continental terminus.

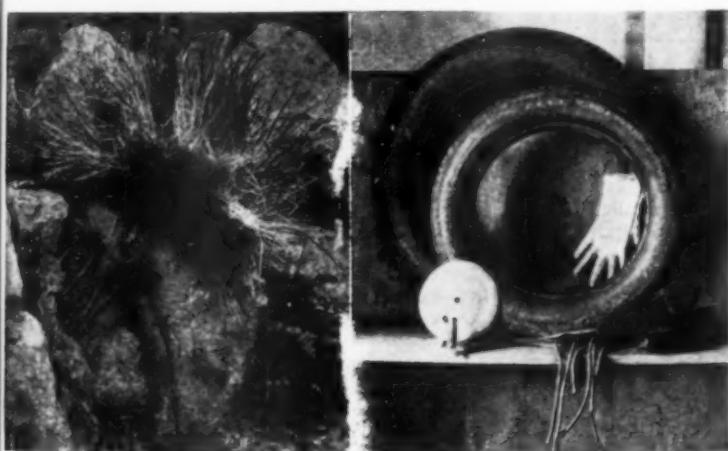
Conference members contend that the Bernstein ships accept payment in blocked German marks which can be secured at a big discount. This means a differential, they contend, of as much as 25% in some cases. They are demanding that it be stopped.

A similar controversy a few years ago was quickly settled. The non-German members of the North Atlantic Passenger Conference—including the powerful Cunard-White Star, French, and United States lines—protested that the North German Lloyd and Hamburg American lines were accepting blocked marks in payment for passage. There was a sharp conference rebuke, and the German lines conformed with the rulings laid down by the arbitrator.

## Canada

**First moves by new government please business. Finances will be straightened out. Power dispute will be settled.**

OTTAWA—Canadian business, in common with political observers, regards the new cabinet completed by Prime Minister Mackenzie King early this week as exceptionally satisfactory.



**SYNTHETIC RUBBER IN THE SOVIET**—This year, U. S. S. R. tire production will reach an estimated volume of 4 million, 230% over 1933, and rubber footwear production will total 75 million pairs, an advance of 10 million pairs over last year. These increases explain why Soviet use of synthetic rubber, made from the Russian tau-saguyz bush (left, with root exposed), has jumped 200% this year to 24,000 tons, and why in caoutchouc consumption U. S. S. R. expects to move from fifth to second place among world users in the next 5 years.

In the first place, it provides for initial economy in government overhead through the merging of several government departments and consequent reduction in the number of ministers from 21 under Bennett to 16 in the new administration. The departments of Mines, Immigration and Interior, formerly separate, are now in one. Something in the nature of a new department of Communications is created by the merging of the Railways and Marine administrations.

#### **Business Trusts Dunning**

In personnel, the cabinet is a fairly even mixture of experience and youth. Chief satisfaction is in the return of Charles Dunning as Finance Minister. During the campaign for national government he was always considered the prospective Prime Minister, acceptable to the business community and moderate sentiment generally. His association in the last 5 years with large Canadian interests encourages confidence in the soundness of his policies in regard to national economy and the relationship between government and business.

A "big shot" construction engineer hitherto unknown to public life is Railways Minister Clarence D. Howe of Port Arthur, Ontario. He has built large grain elevators in Argentina, arranged their financing in London.

#### **Canadian Chamber Speaks**

Coincident with the change of government, Canadian business has spoken to Ottawa through the Canadian Chamber of Commerce, declaring what it believes should be national economic policies and the attitude of government to business. The chamber wants national credit maintained through economies and debt reductions to an extent that will attract British and American capital for development of natural resources. It is with Prime Minister Mackenzie King in emphasizing the human phase of industrial relations, in bettering the condition of workers and producers. But it strongly demands less government in business, absence of "sergeant-majoring," free operation of the law of supply and demand.

#### **Finances Tackled**

Early this week the Prime Minister announced he already had invited the provinces to a federal-provincial conference, is anxious to hold it as soon as possible. This indicates anxiety on the part of the new Ministry to tackle immediately such pressing questions as the financial condition of the provinces and municipalities. It is believed it is out of concern for these financial problems that Bennett is remaining in Parliament as Opposition leader. He will be prepared to lend the benefit of his 5 years' experience and study of the question to the government which defeated him. For the present, Ottawa must continue to assist the provinces but at the coming conference effort will be made to work out a plan, involving more equitable methods of taxation, under which the provinces will be able to strengthen their own position.

Increase of 32,000 in employment in September was the greatest for that month in 14 years. It was not due to pre-

election activity as it occurred mainly in manufacturing and lumbering. Every province but British Columbia recorded an increase.

Mackenzie King and his chief adviser, Dunning, are already examining Bennett's reciprocity offer to the United States. They will seek to reopen negotiations at Washington soon.

Despite repudiation of Ontario's contracts with Quebec power companies some months ago, Premier Mitchell Hepburn is not barring Ontario's door against Quebec power. Following the conference between the Ontario government, the power companies, and the representatives of the Quebec government, Hepburn announced Ontario was prepared to make new contracts more in line with the province's power requirements than those repudiated. A stipulation is that power company bondholders must have a voice in framing of the new contracts. This pleases Canadian bondholders who are to meet to frame directions for the company heads. There will be little chance for consultation with thousands of bondholders in the United States and Great Britain. Hepburn's decision to accept Quebec power under new contracts gives general satisfaction.

The new government will take immediate steps toward composing Canada's differences with Japan which, under Bennett, resulted in a tariff war.

## **Far East**

### **Fear that Washington will carry its silver policy no further causes Shanghai speculators to unload silver, unsettle Chinese currency.**

BEAR pressure again pushed the Chinese dollar down this week, but authorities both in New York and Shanghai attributed it to renewed speculative selling rather than to any change in policy. Two things might have precipitated the flurry at this particular time. The more obvious is the tenseness between the Chinese and Japanese over fresh Japanese demands that China put a stop at once to all anti-Japanese agitation in the north. This is nothing but a camouflage for continued Nipponese economic penetration of this area.

Less obvious, but far more important, is the rumor that Washington is no longer going to push its silver purchase program. The Vice-President and his party are supposed to have been instructed to carry on conversations in the Far East with this in mind. Whether this is true or not, the rumor would be enough to frighten speculators into unloading silver they were known to be holding in large quantities. But if it is true, it is a bull factor for future business in the Orient, for it will help to stabilize Chinese buying power again.

Americans are vitally concerned with Japan's penetration of the northern part of China—the region immediately south and west of Manchukuo. Tokyo admits that the Osaka Cotton Mill Association is planning the construction of a new cotton mill in Tientsin, with 100,000

spindles. This means that the Nipponese are preparing to lower even the present low Japanese costs of production of cotton textiles by employing Chinese labor and utilizing cotton grown in the region near Tientsin.

#### **Japan for the Japanese**

In Japan, foreign interests are also threatened. The Automobile Industry Law (*BW—Sep 21 '35*), which would force foreign companies to allow Japanese shareholders to own a controlling interest in all Japanese plants, is being prepared now for introduction in the January session of the Diet. The law is expected to require that all parts be manufactured in Japan, and that companies be licensed by the government. Both Ford and General Motors assemble in Japan. Nearly 90% of the cars on Japanese roads are American.

Following the excitement over Japan's demand that all oil companies maintain in Japan a 6 months' storage of oil (*BW—Oct 26 '35*)—which big British and American interests threaten to buck with a boycott—there was an announcement from Tokyo this week that the Japan Oil Co. will attempt to buy control of potential oil areas in Central and South America.

#### **Holland May Bar Japanese Goods**

*The Trans-Pacific*, published in Tokyo, reports that measures which might mean the end of Japanese export trade with the Netherland East Indies are being contemplated by the Batavia government. Threatened with a flood of Japanese goods ranging from cotton textiles to bicycles, the Netherlands government is forcing its colonial governments in the Far East to bar Japanese goods through the establishment of quotas which will be administered by an Emergency Import Control Bureau.

Idea behind the prospective bureau is that, in order to protect British and Italian goods allowed to enter the Indies under recently-concluded barter agreements, and American goods (for which an agreement is progressing), all import licenses would be collected from the various trading companies. Future imports would then be made by the bureau, which would sell to traders at fixed prices.

## **Germany**

### **Business is slow because of both foreign and internal troubles. Liquidation of Jewish businesses gives control of big office machine factory to Americans.**

BERLIN (Cable)—In spite of increases in production in a few industries, scattered signs of improvement in the export trade behind the benefits of Dr. Schacht's export subsidy scheme, and a number of optimistic company reports, business sentiment is depressed by both foreign and domestic uncertainties. Security prices are soft because of these fears and because of heavy sales by Jews who are leaving the country.

Germans realize that there is a critical winter ahead. While supplies of bat-



*Wide World*

**LONDON LOOKS THEM OVER**—Of 54 exhibitors at Britain's 1935 Motor Show, 25 were foreign, with American models prominent. The small 10 horsepower car is still the backbone of the

British motor industry, but average power of the exhibits jumped from 25 in 1934 to 19 this year due, no doubt, to the recent lowering of the horsepower tax in the United Kingdom.

er and lard have been rushed into the country, the shortage is not likely to be eased very much before the first of the year. Food prices are rising steadily, despite of the government's strict control over prices generally. Rationing of both meat and fats is expected before the winter is over, in spite of the adverse effect it will have on the government.

#### Jews Sell Out to Americans

Nazi pressure on Jewish businesses brought about an unexpected boomerang a few weeks ago. Since the renewed drive to place German business in the hands of Aryans started immediately following the Nuremberg party conference in September, Jewish executives have been getting out of business as fast as they can negotiate the sale of their interests at reasonable prices. Significantly, some of the larger German industries have hastened to avail themselves of this chance to extend their control over former competing companies. Thus, the Siemens electrical concern recently acquired control over two companies (manufacturing radio equipment and electric valves) materially expanding its sphere of influence in the electrical field. Negotiations are now under way for a similar change-over of one of Germany's largest copper concerns (the Hirsch-Kipfer A.G.) controlled by Jews.

However, the case that produced the greatest sensation was that of the change in ownership of the Adrema A.G., the only large German manufacturers of addressing machines, which competes with the American Addressograph and Multigraph companies not only in the German, but in foreign markets as well.

The Adrema A.G. was owned by Jacob Goldschmidt, now residing in Switzerland but up to 1931 one of the outstanding and most-colorful figures in the German banking world and president of the Darmstaedter Bank whose collapse was the immediate cause of the great crash of 1931. Incidentally, Jacob Goldschmidt held the largest number of directorships in Germany. At the time, this made the competition of American addressing machines particularly difficult since all the banks and big companies in which Goldschmidt held a directorship were not free to buy equipment outside Adrema.

Business was genuinely stirred, however, when it was revealed that the Adrema had been acquired by the Mercedes Bueromaschinen Werke of Zella-Mehlis (Thuringia), one of Germany's largest manufacturers of typewriters. This company is controlled by the American Underwood Elliott Fisher concern so that in this case control over a former Jewish firm was acquired not by a 100% German concern but by an American company.

## Great Britain

### British expect Baldwin government to be returned in Nov. 14 election with working majority.

**LONDON** (Cable)—Britain is more cheerful this week. The election campaign is in full swing, with the election only 2 weeks away. Business is un-

settled now, but there is a confident belief that the unsettled will not last for long and that the Christmas trade is not going to be disturbed after all.

The foreign outlook is less gloomy than it was a few weeks ago. The Mediterranean crisis may only be in abeyance, but the better informed Englishman believes that it is not again going to be a major issue. There are greater danger spots in Europe. Britain is going to prepare for future complications by rearming. That is the issue of this election.

As far as the election is concerned, the British look for the return of the Baldwin government with a majority of 150 or more.

The most disturbing domestic issue just now is the labor conflict in the coal mining region. The British have been expecting it for months. Mine owners were warned this week that they were going to be given the first opportunity to "put their house in order," but if they fail, the government threatens to nationalize the mines.

A young Cardiff engineer claims to have built in his own garage a pump which "will raise water from 1,000 feet below ground with power applied from the surface."

It is believed that it will help solve the problem of rural-area water supply and also simplify colliery drainage, now burdening the industry in South Wales with heavy charges.

He states that the pump can be marketed at prices 25% lower than existing designs of similar capacity.

# Money and the Markets

**Continued strength in securities expected because of increasing bank reserves. Warnings against ultimate inflation seem fruitless. Farm income is nearly half billion above last year's. Utilities lead stocks.**

THE galloping prices of last week in the security markets were toned down to a canter this week, with even a backward step here and there, but in the main the financial trade holds fast to its belief that the trend is still good.

Behind the price optimism is a mixture of ingredients. Excluding the war influence, which is generally much less in evidence than it was a while back, the factor that is lately receiving more and more attention is the massive and growing bulk of excess bank reserves.

So huge has this potential source of credit inflation grown under the piling up of incoming gold in recent weeks, that well-known figures in both public and private life are beginning to talk in delicate terms about the need for placing a restriction on it.

#### Unlikely to Deflate

Washington has been talking it over quietly, but nothing definite has been done about it and in view of the election next year it is doubtful that the Administration would care to deflate even a little bit. On the contrary some quarters may develop a hankering for a little inflation to brighten the picture in the next 12 months.

Out of this grows the undeniable fact that there are a lot of buyers in all lines who are not very appreciative of the present background of business but who nevertheless expect good price advances in all directions. At the IBA convention this week, Rudolph Hecht, head of the American Bankers Association, went out of his way to describe excess bank reserves as a dangerously inflationary and carelessly guarded explosive. Presumably everyone will sit

around watching until the match is accidentally dropped.

Meanwhile the domestic economic background is a steady and fairly profitable one. A compilation of a long list of leading corporations reveals that they are doing pretty well for themselves this fall, earning on the average about a third more in the third quarter than in the similar period of last year. Late tabulations from agriculture indicate a probable excess in income over last year's of nearly a half billion.

Foreign news has been favoring stability here. The Chinese silver decline is looked upon as just another flurry. Holland has been buying gold in London, which fact speaks well for the stability of the Dutch money, contrasted with the shakiness of a few weeks ago.

## Utilities Soar

**Previously weak, they reach new high for the year. Motor stocks drop back after rise. Our securities still bought abroad.**

Of the three major stock market divisions—industrials, utilities, and rails—it was the utilities that attracted admiring attention this week, though previously they had been puny. With the week's high-powered power figures firing the furnace, this group moved determinedly toward the high level of the year and had nothing but indifference for the failure of other divisions to keep pace.

The utility advance succeeded the rise in automobile stocks which had slowed

up and doubled back a little earlier after a noisy greeting to the new-model season. In common with the motors, the remainder of the industrial list was willing to rest on its laurels for a while, now that most of the third-quarter reports are in and the news crop is a temperate one.

Buying of American securities from abroad, a form of capital flight, is not as heavy as it was but manages to make the market-letter pages with fair regularity.

Railroads are in a fix. On the average they cannot drum up enough speculative interest to make their price trend anywhere near as interesting as that of the other groups. Inflation buyers pointedly dodge them, and when there is a dribble of reasonably good feeling toward them occasionally, another road goes into reorganization and squelches their small hopes.

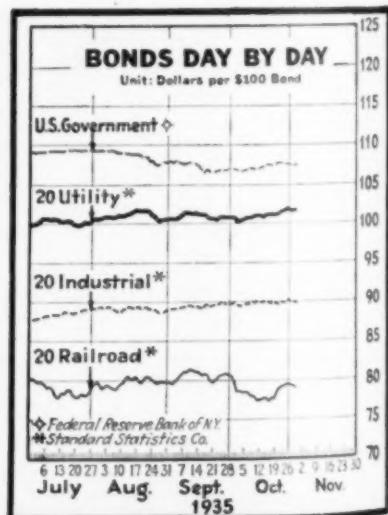
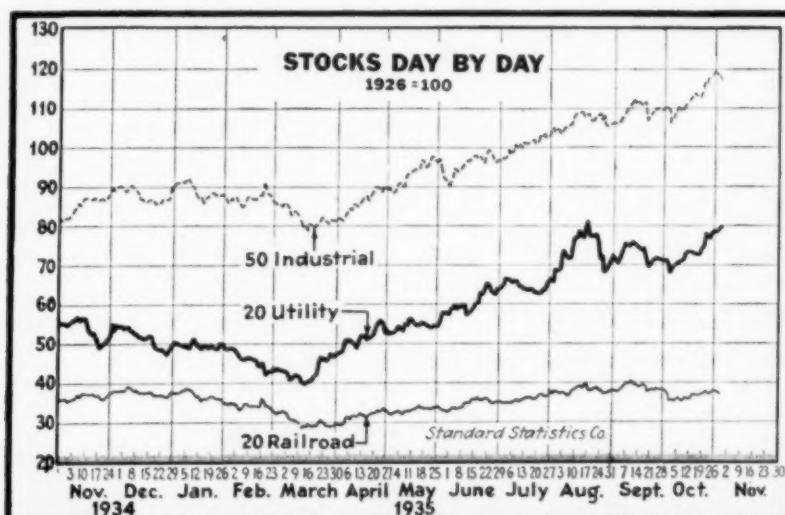
## New Financing Brisk

**Sizable utility issues are included. I.B.A. committee raps overpricing of some industrial bonds, now below offering price.**

WHILE their bosses played golf in West Virginia this week, the security salesmen went right ahead with the business in hand, which bulked well over \$60 millions of new offerings.

Included were \$26 millions Columbia Railway, Power & Light, and \$73 million Blackstone Valley Gas & Electric bonds, both of which were at small premiums, providing slightly better yields to the investor than more recent new securities do. There was also a \$25-million preferred stock deal of Cleveland Electric Illuminating, paying 4½% dividends but commanding a premium that cut the yield to 4.37%.

The dearth of better-yielding securities was a big conversational topic at the investment bankers' convention (page 11), and the scale of prices, par-



ticularly on bonds, was industrial's insistence on public attention to this year below their

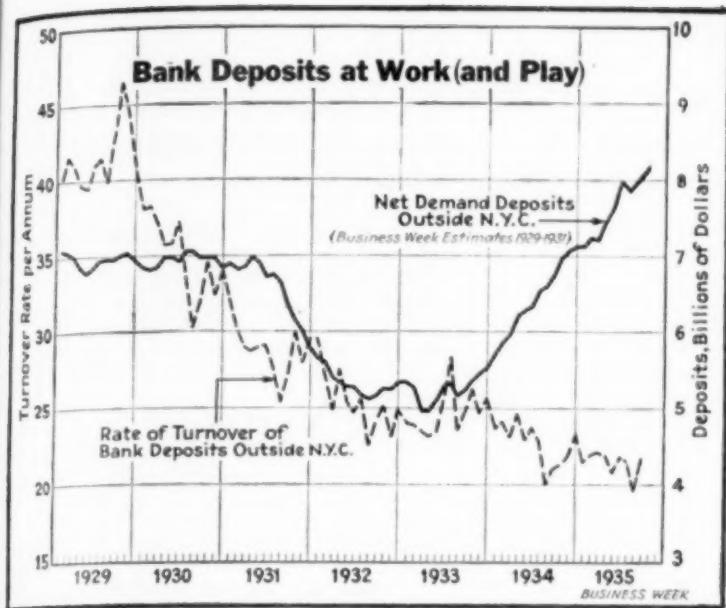
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ticularly on some of the new industrial bonds, was deplored in the report of the industrial securities committee. Made at the insistence of Sidney J. Weinberg, committee chairman, the report called public attention to the fact that of 15 sizable industrial bond issues brought out this year, 6, or 40%, are selling below their offering price.

His report also recommended more careful consideration of the investors' interest in sinking-fund and redemption-price provisions. Less than 32% by volume of this year's new industrial bonds require that 50% or more of the debt be retired through sinking funds before maturity.

## Commodities Mixed

**Hides retarded by Tanners Council report; rubber bounces up as restrictions are tightened; grains end sour month.**

COMMODITY markets had no more unity in the week's movements than the four points of the compass.

Hides had an especially raw time of it, after the announcement by the Tanners Council that a release of from 5% to 10% of the government's 2-million stock of drought hides should be made at this time in view of the robust condition of the hide and skin, leather, and shoe markets.

Sales of government hides last year gave the whole industry an awful wallop, but times have changed and there is now sufficient lustiness in the trade to absorb a few of the restricted hides without upsetting anything.

Rubber, directly contrary to hides, had a thrilling upward trip as the weakening restriction regulations were tightened up and the Dutch came out strongly for genuine enforcement of control. The prospect of further broad-

ening of the tire price war here, and a possible revision of list prices to conform with the discounts that are actually prevailing in some markets, was not much of an influence. The tire companies haven't yet shown any real ability to correlate prices and volume of sales.

Grain markets ended a miserable month willingly. The record of wheat prices was an almost perfect downward graph during October, largely attributable to waning war influence and the uncomfortable position and behavior of Canada.

Before the month was over, Winnipeg prices had dipped below the equivalents of the pegged cash-wheat prices, and the government was losing money on its promise to producers in the Western provinces, most of whom were turning in their wheat to the pool and taking a chance that at the end of the year the pool would make enough money to return them dividends of more value than the higher price which up to recently they have been able to get by selling direct in the markets.

AAA announced the new corn loan at 45¢, high enough to get the Administration into trouble if prices drop much.

## Money Rates Up

**But essentially the rise has no significance, not being caused by any increased demand for either time- or call-money.**

Six months ago the rising tide of idle money engulfed the call-money market in New York and played havoc with the 1% agreement that had been in effect among banks for 2 years. With the collapse of the ruling rate, call money went to 4%, a generally unprofitable level from which the banks have ever since been struggling to recover.

This week, for the first time, a definite increase in both call- and time-money rates was effected, and Wall Street banks had a hopeful gleam in their eyes. However, the slight firmness is notable merely for the fact that it means nothing, except that the banks apparently see some reason for believing that a higher rate will be respected by the fraternity as a whole.

So far as the demand for money is concerned, the bank statements afford no basis whatsoever for advancing rates. There is a slight increase, altogether seasonal, in the use of funds by New York and Chicago country correspondents, but nothing else.

Preceding the budding lift in call money rates was an announcement by the New York Clearing House that fees for servicing call-money loans by out-of-town banks were to be raised to 1%, which keeps the New York market closed to outside money, as it has been right along. In the brokerage trade there is complete indifference to the call-money advance, for the simple reason that brokers are borrowing scarcely any funds.

## Bullish on Budget

**Morgenthau says spending in this fiscal year will be under expectations, and Tugwell predicts balancing in 1938.**

A FAIR idea of the 1936-37 budget is being developed from the late crop of informal and unofficial comment on the New Deal's probable expense sheet for the next fiscal year, beginning July 1.

Recently Secretary of the Treasury Morgenthau let it be known that expenditures in the current year would fall short of the original figures by a considerable amount, tentative tabulations setting the total now at below \$6 billions. Next January, when the President outlines the probabilities for the ensuing fiscal year, he is expected to start talking at about \$1.5 billions below the \$7 billions he calculated before the current year.

The Administration has consistently found it impossible to spend as much money as it has periodically threatened to do. This year is a notable example, but there is still room for reversal since the bonus is not taken into account and it could be squeezed into the present fiscal year, which ends on June 30. Also AAA processing taxes are an unknown quantity, with the chances fairly good that the courts will force AAA to scratch off this source of revenue.

Out in Los Angeles this week, Rexford Guy Tugwell went into budgetary conditions more farsightedly than have those who are merely concerned with the next year. The Undersecretary of Agriculture told a political meeting that by the end of 1938 the New Deal will have cost the country only an extra \$3 billions, net, and the budget will be balanced. Asked about this, Mr. Roosevelt laughingly said it was a pretty wild statement.

## FASTER GRINDING PRODUCTION

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## Exchange Debate

**Heads of country's stock exchanges meet SEC officials at Chicago to argue against proposed segregation of brokerage from dealer business.**

It was an imposing gathering around an oblong table in Chicago's famed Union League Club this week—heads of more than a score of stock exchanges of the nation, meeting to convince James M. Landis, chairman of SEC, and a half dozen of his associates, including Commissioner Robert E. Healy, that there should be no segregation of the brokerage and dealer business. Federal Reserve representatives were interested sideliners; the public was excluded from what was to have been a "secret" session, but for which a press agent was brought from Washington by Associated Stock Exchanges, moving spirit.

SEC is required by the securities and exchange act to make an investigation of the "feasibility and advisability of the complete segregation of the functions of dealer and broker" and to report back to Congress by Jan. 3.

Smaller exchanges were unanimous in their statements that segregation means ruination; Howard R. Selevor of Minneapolis—St. Paul Stock Exchange asserted that that market would be forced to suspend in such an event. There isn't enough trading on smaller markets to keep more than a limited number of brokers from starving.

### Mr. Gay Is Discreet

Charles R. Gay, president of New York Stock Exchange, was there, but somewhat "on the spot." He couldn't very well say that segregation means ruination for his institution; moreover, what "Wall Street" says is always likely to have a political backfire. Accordingly, he had to limit his plea in behalf of the smaller marts, reiterating his recent Chicago speech that there is room and need for such exchanges.

The exchanges were on the defensive from the very start, although neither SEC nor any one else present charged the present system with being detrimental to business and investors. Landis, assuming that segregation was a fact, asked stock market officials to answer such questions as probable effects on specialists, floor traders, commission brokers, members who are predominantly over-the-counter dealers, odd-lot houses, underwriters, dealer distributors, investment trust managers and market traders; also effect on out-of-town branches of the New York Stock Exchange, non-members of exchanges, industry and financing.

They also were asked to predict new abuses, aggravation of old abuses and evasions of spirit of law that might

follow, and to point out possibilities of attaining through other means the ends sought by segregation, which the exchange heads took to mean prevention of such fiascos as the Prince & Whitely and Pynchon crashes.

## Gold Grief

**California mining men unite to fight proposed state tax.**

GOLD miners in California have their dander up. The threat of a 2% to 4% severance tax on every ounce of gold that comes out of the ground has angered them. It would practically confiscate all profit of marginal mines.

Members of the state's Gold and Silver Miners' Severance Tax Committee, in a recent hearing on the proposal, declared that the tax, which cannot be passed on to consumers since the federal government is the only purchaser, would shut down 35% of the state's gold mining operations, eliminate gold production from "marginal ores" (80% of the California total), force one-third of the miners out of work and on to relief rolls, cut off 35% of machinery and supplies now in use, block new mining ventures, and prevent further development of present workings.

The cost of running a mine equals the costs of taking out the ore and of development work to find more ore to keep the mine running. Net profits, if any, come after these 2 items are paid. On \$1 ore, with a cost of 75¢ and a profit of 25¢, a 4% severance tax would equal 16.4% of net income. On \$10 ore, with cost and development totaling \$9.60, net profit 40¢ a ton, the tax would be 40¢, or 100% of the net.

### Job Loss Predicted

Charles L. Gilmore, the vigorous young lawyer for the Mining Association of California, revealed what the tax would do to mine labor. Approximately 25,000 men are employed at an average of \$4 a day, with annual payroll \$31 millions. The severance tax would put 12,000 miners on relief rolls, he asserted, and would eliminate 20,000 "snipers" (ground sluicers).

Canada's former Conservative government, recently ousted, tried a 10% severance tax on gold for a year, found itself out on a limb, and hastily repealed the law. Prices of gold mining securities dropped \$60 millions the first week after tax was imposed.

## Editorially Speaking—

OUR thoughts are brought sharply back to 1912 by a news dispatch from Boise regarding Senator Borah's plans. Some of his friends say he doesn't want the Presidential nomination but will try to dominate the convention, and particularly will announce a proscribed list of Republican leaders, including Herbert Hoover, Ogden Mills, Charles D. Hilles, J. Henry Roraback, and any candidate whom they support.

Remember 1912? That was the year when Bryan went to the Baltimore convention, perceiving that he couldn't get a fourth nomination for the Presidency, but resolved to pick the nominee. And at a strategic moment he called on all the candidates to repudiate Tammany and "Wall Street" by opposing Alton B. Parker as temporary chairman. Speaker Champ Clark, who'd had the inside track so far, didn't give Bryan the right response. Governor Woodrow Wilson of New Jersey did. And from that moment Clark started to lag, and Wilson galloped to victory.

And now, if the Boise story is authentic, Borah is casting himself for Bryan's 1912 rôle.

NAMES change with the place and the times. Harlan W. Cortright, a retired railroad official who died not long ago at the age of 90, was a descendant of John Cortright, a major in the Revolutionary War. And John Cortright was a descendant of Jan van Kortryk of New Amsterdam.

When the English in 1664 compelled the Dutch to surrender the province of New Netherland, they immediately changed most of the place-names. New Netherland became New York, New Amsterdam became the City of New York, and so on. And many of the colonists found that English names were more comfortable than Dutch ones. Thus Jan van Kortryk was Anglicized to John Cortright.

In recent years some Italian immigrants into New England have been gravely rebuked for changing their names to Cabot. But the founder of the exalted Cabot family was an Italian explorer of North America, Giovanni Caboto.

REPRESENTATIVE JAMES B. BUCHANAN of Texas, chairman of the House appropriations committee, recently spoke out in sharp condemnation of "wild" expenditures by the Roosevelt Administration. Soon afterwards the federal allotment for the Colorado River Valley Authority of Texas was reduced from \$20 millions to \$18 millions, and then the allotment for another project in which Representative Buchanan is interested—the power development on

the Brazos River—was cut from \$30,500,000 to \$100,000.

Maybe this was only a temporary reduction, subject to increase at any moment, but meantime it gave the economical congressman a severe jolt.

A MEDICAL missionary with African experience says that "continuation for any length of time of the war in Ethiopia very likely will result in cannibalism among all the less civilized tribes of Africa." It will result in cannibalism among some of the tribes in Ethiopia itself if they're on short rations and they capture any plump invaders.

MANY hard-working citizens have been peeved by the photographs of smiling Harry Hopkins and grim-jowled Harold Ickes wearing Panamas in the Canal Zone in October. With the works relief program balled up in Washington, shouldn't they have been on the job, instead of vacationing with the President on a naval cruiser? Yes, but—

Excuse No. 1: They've both worked mighty hard, especially Ickes, and deserved a vacation. Excuse No. 2 (this is the real reason): The President ordered them to come along because he was afraid they'd get to fighting again in Washington and make the work-relief program worse instead of better.

COMMANDING his troops in battle, Haile Selassie will wear inconspicuous clothing and stay in a protected position, while another man, resembling him and wearing the emperor's uniform, will move about rapidly, drawing the enemy's attention to himself. A wonderful insurance prospect.

FROM our *Business Abroad* department in last week's issue: "Trade in arms and munitions in 1935 exceeded the 1929 level, while world trade in general has fallen to less than one-half of its original volume." That one sentence tells plenty about the coming world war.

ON the authority of one of the large gas companies, which vouches for the story, we hereby report that King Vidor uses portable gas heaters to regulate the emotions of his actors. Does he want quiet and restraint? Then down goes the temperature to 50 degrees or so. Does he want the authentic punch of passion? Then he warms the actors up. At the climax of "The Wedding Night," for instance, without informing Gary Cooper and Anna Sten of the change, Mr. Vidor "ordered a temperature of over 80 degrees."

What we'd like to see is Anna Sten and W. C. Fields when the temperature's over 100.

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NOVEMBER 2, 1935

## What Industry Is Next?

Without being consulted, the American people are suddenly launched on a momentous adventure. It is economic planning for agriculture. That is the meaning of the statements of President Roosevelt, Secretary Wallace, and Administrator Davis just before and after the vote of several hundred thousand farmers on the new corn-hog program.

Despite all talk of economic planning, we have had none until now. We have had no general staff sitting at Washington headquarters, plotting the production and consumption of every kind of goods in a great industry, and thereby controlling the prices that consumers must pay. National economic planning begins with the new program of the Agricultural Adjustment Administration, as suddenly revealed to a startled people.

That program is permanent. The country for two years had been given the impression that AAA, with its production curtailment and its processing taxes, was emergency medicine. But President Roosevelt now announces and emphasizes its permanency.

It will control the production of every important crop, raising or diminishing it to suit economic necessity and political considerations. It "will work toward the objective of one contract per farm," the President tells us. This means that every farmer who signs a contract will become little more than an overseer for an absentee master in Washington. The acreage which a farmer withdraws from corn or any other basic product cannot be used as he wills. He must devote it to any purpose that Washington commands.

Undoubtedly such a scheme can produce temporary advantages for many farmers, and it is not astonishing that the first step, the corn-hog plan, was approved by a heavy majority, especially as the farmers for months were subjected to a bombardment of propaganda by an army of governmental underlings. The wonder would have been if they had rejected a plan to increase hog production somewhat for the 1936 market, keep corn at its present level so as not to produce a glut of hogs in 1937, and be paid for limiting their corn and hog production.

But a vote of a few hundred thou-

sand growers of corn and hogs is not a vote of the people. And even the hog-and-corn growers, and all other farmers, have reason to dread the full results of this colossal regimentation.

As an emergency measure, the production control begun by AAA in 1933 had the tacit or active support of many economists and business men. But its subsequent development has damaged the farmer's own interests, as shown in the depressed exports of lard, cured meat, and, till its loan-price was recently cut, of cotton. And now that the program is resoundingly declared to be permanent, it is high time for every citizen to consider the ultimate consequences of economic planning for agriculture.

Can it be confined to agriculture alone? If AAA could not be saved except by extending the control from wheat and hogs to other basic crops, will it not also be impossible to save this planned economy without extending it from agriculture to other basic industries? Shall steel and automobiles and shoes and hairpins be assigned production quotas and receive benefit checks from Washington? Are the Wallaces and the Davises to be the general managers of American business?

### Spending Money In A Pathetic Delusion

There's money in the Townsend plan. It may not be money for the multitude of elderly people who absurdly imagine they are going to get \$200 a month from the United States Treasury, but it's good money for somebody.

Aside from regular dues, the national organization of Townsend Clubs provides another source of revenue. This is the \$1 monthly dues of members of the Townsend Legion, a sort of honor corps within the larger

army. There are 8,000 Legionnaires now, and the managers are asking "80,000 by Christmas." At \$1 a month apiece, the Legionnaires would furnish \$960,000 a year.

Maybe some of this will stick to private fingers. It will go to waste in any case, for there's no chance of winning a \$200 monthly pension for everybody over 60. The country wouldn't stand for that. Besides, Dr. Townsend has backed down from his original plan, so that the bill now in Congress provides for a pension "not to exceed \$200 a month." It might be \$20 a month or less, instead of the \$200 which the Townsend leaders are still glibly promising.

### A Costly Harness On Every River

Senator Norris has a new scheme for wasting billions of the taxpayers' dollars. He wants the federal and state governments to subsidize the development of all the principal watersheds for power projects that would bring electricity to millions of farmers. Incidentally, this scheme would provide "the most complete system of internal navigation in the world."

The system would not be worth the money. Once steamers plied up and down the Mississippi, Missouri, Tennessee, Ohio, Monongahela, and other rivers; but river traffic has dwindled since then, because people have found other modes of transportation preferable, even when the government has subsidized the waterways. The latest example is the unsuccessful effort to develop barge traffic, with federal subsidy, between St. Louis and Kansas City.

And as to developing power, Senator Norris ought to know that many large rivers cannot be used for this purpose. Most of our streams which God built so that they are at all serviceable for power production are so far from the point of consumption that it would be wasteful to develop them. They would serve marginal farmers in hilly regions. Most good farms are in the flat prairie country, where streams have shallow banks and very little fall. But industrial areas are not far away, and the same power sources that serve industries can also serve the farms.

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